September 29th, 2025

Director Brian Granahan, Illinois Power Agency
180 N Wabash Ave, Suite 500
Chicago, Illinois, 60601

Subject: Comments on the Illinois Power Agency's Draft 2026 Long-Term Renewable Resource Procurement Plan

---

COMMENTS BY CARBON SOLUTIONS GROUP

Carbon Solutions Group ("CSG") appreciates a second opportunity to comment before the Illinois Power Agency ("the Agency") on the Draft 2026 Long-Term Renewable Resource Procurement Plan ("LTRRPP"). CSG reiterates its gratitude for the Agency's expertise, diligence, and dedication to Illinois' renewable energy resources. This comment letter will address the Agency's Draft 2026 LTRRPP, with a focus on:

I. *Abandoned contracts*

II. *Consumer protection provisions*

INTRODUCTION: THE POST-OBBBA SOLAR LANDSCAPE IN ILLINOIS

The solar landscape in Illinois has experienced escalating volatility over the last decade, and 2026 may bring the biggest disruptions to the Illinois solar industry yet. While economic turmoil and bankruptcies have disrupted the operations of certain Approved Vendors ("AVs") for the last several years, July's passage of H.R. 1—the One Big Beautiful Bill Act ("OBBBA")—has exponentially increased the risk profile of future solar development in the State. The confluence of these macro-dynamics may lead to many small, independent AVs being unable to conduct business and many Illinois customers being left unpaid with stranded contracts.

Under the OBBBA, the Section 25D Residential Clean Energy Tax Credit ("Section 25D") terminates at the end of this year. This termination will be a significant setback for the State's small independent solar installers that depend on the credit's incentives to drive customer demand for solar project installations. In Illinois, the cash sales market—which is underpinned by 25D—is composed of 375+ solar installers with over $600 million contracted for over 385 MW AC of capacity. All of these 375+ installers will be negatively impacted by the termination of 25D—many existentially so.

Unlike 25D, the Section 48E Clean Electricity Investment Tax Credit ("Section 48E") was more forgivingly treated in the OBBBA. The disparity between national third-party operators ("TPOs")—subsidized through the ITC and financed through Wall Street funds—and small independent Illinois-based installation companies left without a tax credit incentive will further widen the gulf between small and big business in the Illinois solar market. That said, the ITC itself will phase out in several years, likewise potentially leaving TPOs in a highly precarious economic position.

In this regard, CSG wishes to highlight that OBBBA-based risks to national TPOs have largely been taken into consideration by the Agency's pricing model, while those immediate OBBBA-based risks to small, Illinois-based independent businesses have not.

Prudent Agency planning that takes current circumstances into account for all stakeholders in the Illinois solar market is vital for protecting and advancing Illinois' energy and equity goals, as well as the livelihood of businesses and homeowners in the State.

I. ABANDONED CONTRACTS: CHAPTER 7 (Illinois Shines)

7.12.4: Relief for Abandoned Contracts

CSG appreciates the Agency's attention to the issue of "abandoned contracts." Furthermore, CSG agrees with the Agency's observation that, as the Illinois Shines Program ("Program") continues to mature, there is (and will be) an increase in instances where customers abandon contracts with AVs. Likewise, CSG agrees with the Agency's proposed definition of "abandoned contract" being a "system which is no longer delivering RECs to the utility due to a change in ownership of the real property upon which the system is sited."[1]

i. Definitional thresholds

CSG believes that a valuable addition to the Agency's definitional threshold for an "abandoned contract" would be the inclusion of verifiable triggers. Such triggers could include: i) a recorded property transfer without contractual reassignment of the REC contract and obligations or ii) bankruptcy or foreclosure notices that may result in permanent disconnection.

The inclusion of verifiable triggers would help avoid prolonged periods of waiting for REC non-deliveries to take effect. Furthermore, CSG believes that such definitional barriers would support a disciplined usage of relief, in that relief would only be granted to contracts that are irrevocably abandoned and thus cannot be brought back in good standing.

ii. Contract Amendments & Collateral Refunds

CSG greatly appreciates the Agency's recognition that some abandoned contract scenarios may fall outside of the control of even the most responsible and proactive AV.[2] In other words, not

[1] Illinois Power Agency. "2026 Long-Term Renewable Resources Procurement Plan: Draft for Public Comment". pg. 257. August 15, 2025.
[2] *See* Draft 2026 LTRRPP at p. 258: "The Agency will allow these partial refunds because it understands that not all instances of abandoned contracts will be preventable, and it wishes to ensure that Approved Vendors do not bear all the risk of this problem."

every abandoned contract occurrence is preventable by the AV. As the Agency noted, such cases can lead to "unmanageable burdens on Approved Vendors."[3]

Furthermore, CSG is deeply appreciative of the IPA offering some level of relief to AVs who credibly suffer from unpreventable abandoned contract scenarios. CSG also agrees with the Agency's position that a 100% refund of the outstanding balance of an abandoned contract would be inappropriate and potentially disincentivize proactive AV diligencing behavior, e.g. "The Agency is not allowing for a refund of the entire collateral amount because the Agency recognizes that the Approved Vendor is in the best position to prevent these situations."[4]

The Agency, as a result, has proposed a "25% refund of the collateral amount associated with that project to provide relief to the Approved Vendor."[5] CSG interprets this proposed 25% refund to be only applicable to the 5% utility-held collateral amount—not to the outstanding contract value. If this interpretation of the proposal is correct, CSG respectfully requests that the full 5% of the utility-held collateral be refunded *in addition to* a 25% refund of the outstanding contract value. CSG believes this level of relief would be more appropriate and better serve the overall reputation of the program.

While CSG recognizes this increased level of refund may be more than the Agency was willing to initially propose, CSG does wish to highlight the Agency's own observation that abandoned contracts are "primarily an issue between an Approved Vendor and its customers."[6] To that end, without appropriate Agency-directed relief, CSG would expect that abandoned contracts would lead to higher active debt collection if customers are in default of an AV's contract. Particularly due to expectations of highly constrained 2026-2027 market conditions (which is further described in the next section), CSG would expect many AVs to aggressively seek to be made whole for any customer's failure to uphold a REC contract.

iii. Relief performance thresholds for AVs

To restate, CSG believes in a highly disciplined usage of abandoned contract relief that is underpinned by strict, definitional thresholds. Furthermore, an AV should have to perform a series of documented actions before it can declare a contract as "abandoned." CSG proposes the following actions to be a prerequisite for an abandoned contract claim:

- Record of three phone calls to system owner
- Record of five emails to system owner
- Three letters mailed to system address
- Proof of sale or abandonment of contract i.e. lost and unrestored monitoring connectivity and or proof of sale of property

---

[3] Illinois Power Agency. "2026 Long-Term Renewable Resources Procurement Plan: Draft for Public Comment". pg. 257. August 15, 2025.
[4] *Id.* at pg. 258.
[5] *Id.* at pg. 258.
[6] *Id.* at pg. 257.

7.5.3: Modeling Updates

The Agency's projected Small Distributed Generation ("DG") REC prices for the 2026-2027 Program Year are justified on the assumption that most projects in this category will access residential federal Investment Tax Credits ("ITCs") and that historic oversubscription has created waitlists.

CSG believes that the Agency has severely overestimated the availability of residential federal tax credits for the 2026-2027 Program Year in its REC pricing model.[7] As such, CSG respectfully contends that the Agency's present REC pricing model would not align with market conditions and would not reflect the costs to build and develop an efficient system for many Illinois businesses and homeowners in a post-OBBBA environment.

First, it should be clarified that there are two primary types of federal tax credits available to a residential solar system—the Section 25D Residential Clean Energy Credit and the Section 48E Clean Electricity Investment Credit—and each has a different fate. Leveraged national solar leasing companies (i.e. TPOs) are able to statutorily utilize the Section 48E credit which, when combined with REC revenues that flow to the company, allows for those leasing companies to discount the cost of system installation in order to entice residential customers.[8]

On the other hand, small independent installers based solely in Illinois cannot utilize the 48E credit because these small businesses—without IPOs or access to private equity financing—cannot afford the upfront capital expenditure that underlies a leasing model. Instead, the State's small independent installers have relied on the Section 25D credit to directly incentivize homeowners, who will in turn contract with these local Illinois installers. As noted, this 25D-impacted, cash sales market is made up of over 375 solar installers. Combined with the IPA's historically well-modeled REC pricing, Section 25D has managed to further support these hundreds of small solar businesses in Illinois.

The Agency has correctly identified that "not all developers and/or all projects will be able to access to [*sic*] the ITC." However, CSG disagrees with the Agency's analytical conclusion that this "period [of 2026-2027] is likely best defined as a transition year (some projects can access the ITC and others not), thus the Agency deferred to including the ITC."[9] Rather than a transition year, 2026 may represent an existential risk to many of the 375+ solar businesses and will significantly cool homeowner system adoption throughout the State.

---

[7] Illinois Power Agency. "2026 Long-Term Renewable Resources Procurement Plan: Draft for Public Comment". pg. 213. August 15, 2025.
[8] *See* the Agency on TPOs at *Id.*, pg. 374: "An alternative model might be for vendors to provide an up-front discount on the purchase price for solar projects; however, this requires the vendor to have significant capital in order to 'front' the value of the incentive (and could possibly require the vendor to have enough capital to 'front' the entire project cost), and requires the Approved Vendor or Designee to bear the risk of a delayed incentive payment. Many smaller vendors may not have the capital or risk appetite for this model."
[9] *Id.* at pg. 293.

As of the passage and enactment of the OBBBA, the 25D tax credit will terminate at the end of this year. While additional guidance may be forthcoming, the Internal Revenue Service unambiguously stated on August 21st, 2025: "The [25D] credit will not be allowed for any expenditures made after December 31, 2025."[10] It should be highlighted that 25D will terminate prior to the 2026 LTRRPP even taking effect.

For these reasons, CSG disagrees with the Agency that it "expects [small residential] projects to utilize the ITC in the 2026-27 Program Year. Therefore, the Agency believes it is appropriate to utilize the modeled results for the proposed 2026-27 REC prices for this category."[11]

To reiterate, the elimination of 25D could be catastrophic for a good portion of the small solar businesses in Illinois and will severely blunt system adoption. By virtue of the Agency's own modeling, the negative economic impact of the 25D termination is clear. The Agency itself stated:

> "Importantly, to ensure transparency for stakeholders, the Agency evaluated the impact of not including the ITC in REC Price development for Small DG projects. In its analysis, the Agency found that the exclusion of the ITC resulted in nearly a doubling of the REC Prices for Group A and B customers in both the 0-10 kW and >10-25 kW sub-categories."[12]

Indeed, the Agency's rationale for assuming that the ITC will continue to benefit Small DG appears to be based on a desire to "incentivize the development [of] cost-effective projects," notwithstanding the cold statutory reality of 25D's termination. To that end, in practice, the Agency appears to instead be looking to national TPOs to serve Illinois homeowners rather than Illinois-based small businesses. The Agency stated:

> "Again, while it may be true that some projects seeking to participate in the Illinois Shines program may not have access to the ITC, it is the Agency's understanding that many third-party owned projects very well might – at least through some portion of the 2026-27 Program Year. As a result, the Agency has chosen to model REC prices with the simplified assumption that participating projects will have access to the ITC and thus the resulting REC prices reflect that expectation."[13]

While pursuing cost-effectiveness is theoretically the right choice, practical context is always key. In this instance, the 48E credit that undergirds the TPO model will be gone within several years as well. Thus, an insufficient 2026-2027 REC pricing model will have potentially eliminated hundreds of small companies in Illinois in the next year, only for the Agency to find itself with the large, leveraged national companies faltering in their footsteps shortly

---

[10] Internal Revenue Service. "FAQs for modification of sections 25C, 25D, 25E, 30C, 30D, 45L, 45W, AND 179D under Public Law 119-21, 139 Stat. 72 (July 4, 2025), commonly known as the One, Big, Beautiful Bill (OBBB)". August 21, 2025.
[11] Illinois Power Agency. "2026 Long-Term Renewable Resources Procurement Plan: Draft for Public Comment". pg. 215. August 15, 2025.
[12] *Id.* at pg. 214.
[13] *Id.* at pg. 214.

thereafter—or having abruptly exited the Illinois market altogether for greener pastures. In both cases, preexistent consumer protection concerns will become exacerbated, as failing companies result in more stranded customers.

Thus, it is crucial that the Agency i) accurately diagnose the federal incentive landscape in Illinois, and ii) support small businesses and system adoption during this "transitional year," as these same small businesses may not be around thereafter.

To address the elimination of 25D, as well as 48E projects that will not meet various safe harboring requirements in the near term, CSG proposes a tiered REC price structure or a REC Adder that distinguishes between ITC-eligible systems and those without ITC or safe harbor access. Adding an incremental REC value for non-ITC/safe harbor systems would provide a more accurate reflection of market conditions, better align incentives, and ensure continued project development within the Small Distributed Generation category.

This targeted approach would aim to balance the most cost-effective allocation of capital with the pursuit of the values that make Illinois a leader in energy, equity, and labor.

7.3.4: Uncontracted Capacity at Close of a Program Year

CSG is in agreement with the Agency's proposal to tally and reallocate cancelled, withdrawn, and removed projects.

II. CONSUMER PROTECTION: CHAPTER 9

9.4.2.1.1.2: Reassignment of Stranded Projects when the Original Approved Vendor Is Unable to Execute Reassignment

CSG supports the update to allow utilities to reassign a REC Contract of an out-of-business Approved Vendor without the original Approved Vendor's consent.

9.4.2.1.1.3: Transfer of Stranded Project Applications

In regards to stranded Program applications for projects that are still in the contracting phase, CSG believes it would be beneficial for the Agency to establish a more efficient process to allow new AVs to take over projects more easily and streamline the process for the customer.

The current ABP process requires emails to and from the Administration and AV, making it challenging to understand where a transfer is at any given moment. Instead of an email process, CSG recommends looking at the GATS system transfer process. GATS allows for the ability to request a transfer of a facility through their website, where the transferee or transferor can submit a request and provide updated documentation to facilitate the transfer. Bringing this functionality to the Illinois Shines portal could increase transparency and reduce administrative burden.

CSG is willing to provide more information on the GATS process, including screenshots or a walkthrough if that would be beneficial.

9.4.2.1.4: Other Illinois Shines DG Consumer Protection Issues

CSG appreciates the Agency's recognition that "a blanket prohibition on the pass-through model is unnecessary and would likely create significant disruption to the market." CSG also fully supports the Agency's request for "explicit authorization to create limited restrictions on the pass-through model, if it determines that such restrictions are appropriate and necessary to protect customers."

For example, CSG supports the Agency seeking additional information from AVs and Designees engaged in financing system purchases. This information can help inform what additional information should be displayed on Disclosure Forms or create Program specific rules related to finance terms and practices that can better protect Program participants. The questions raised regarding the AV or Designee's relationship with the financing entity, or entities, should be directed to the AV or Designee engaging in the practice, with failure to respond in a given timeframe resulting in Notices of Potential Violation that could result in suspension. CSG suggests asking questions, such as:

> j. When, how, and to whom is the loan money disbursed? If the financing entity disburses funds to an entity other than the customer, does the customer sign off before such disbursement?

This could be added to the Consumer Disclosure Form to help inform customer decisions. If disbursement were slated to be completed prior to the full interconnection and Permission to Operate phase, the customer would be able to consider alternative proposals, or at least be aware that there may be some risk that the installer will receive all payments even before the system is operational.

Additionally, CSG shares the Agency's view that "the new escrow process and Solar Restitution Program will address or at least mitigate many of the consumer protection issues related to this [pass-through] model."

9.9: Solar Restitution Program

CSG supports the Agency's proposal to use forfeited collateral from utility-scale wind projects, in addition to forfeited collateral from solar projects, to fund SRP restitution payments. Using these discrete, program-related forfeitures to make customers whole is appropriate and avoids drawing from other portions of the RPS budget.

Further, CSG supports raising the per-vendor cap to $2,000,000 at minimum. In our experience with pass-through incentive harms, the existing $200,000 cap would be reached quickly if all harmed customers file claims, resulting in de minimis recoveries for many claimants. The larger cap better reflects the scale of losses when a single AV's conduct affects numerous customers.

CSG also supports implementing a set minimum payout per claim in the range of 50–75%. Meaningful floor payouts will provide assurance to participants that they will receive material compensation for program-related harms, even when pro-rata allocations apply. CSG acknowledges the need to calibrate this floor to SRP budget constraints. The Agency is best positioned to weigh these trade-offs as claims data accrues.

Higher minimum payments for claims involving promised REC pass-throughs are sensible. These harms are intrinsically tied to Illinois Shines participation and, in our experience, often represent the largest single financial loss to the customer. By contrast, harms such as deposits paid to a defunct AV/Designee for proposed systems can often be partially mitigated through milestone-based payment structures. We encourage the Agency to pair higher minimums for pass-through claims with program-level guardrails on milestone definitions and payment timing to reduce the risk of pre-performance overpayment across other harm categories.

Continuing the proposed claim windows and pro-rata methodology paired with the minimum payout floor balances equitable treatment among similarly situated customers with outcome predictability.

We support the phased approach beginning with pass-through harms, which are relatively straightforward to adjudicate and do not require physical inspections. Early data from Phase I should inform final calibration of cap levels and minimum percentages.

We appreciate the Agency's thoughtful redlines and its stakeholder-driven approach to customer protection. We look forward to continued collaboration as SRP implementation progresses.

CSG remains a proud participant in Illinois Shines and thanks the Agency for its leadership of the State's energy programs and this LTRRPP process.

Respectfully Submitted,

Dylan DeBiasi

Michael Daley