



Additional Stakeholder Feedback on the Draft 2026 Long-Term Plan: Abandoned Contracts

Nelnet Renewable Energy (AV ID: 2044)

204 Carpenter Avenue

Wheeling, IL 60090

To: IPA.ContactUs@Illinois.gov

Date: September 29, 2025

Dear Illinois Power Agency,

Section Reference: 7.12.4 - Relief for Abandoned Contracts

Nelnet Renewable Energy (NRE) welcomes the Agency's acknowledgment of the increasing frequency and complexity of *abandoned contracts* and its intent to provide partial relief to Approved Vendors (AVs) through an updated Master REC Contract for the 2026-27 Program Year. However, as an AV that previously submitted detailed stakeholder feedback in June on this issue, we are concerned that the Agency's current proposal falls short of addressing the full scope and impact of abandoned contracts as experienced in practice. NRE values the opportunity to provide additional feedback and our concerns regarding the Agency's current proposals are respectfully outlined below.

Summary of Concerns

While we support the Agency's recognition of abandoned contracts as a recurring issue, we have significant concerns regarding the narrow definition proposed and the limited scope of relief offered. The current proposal does not sufficiently reflect the full operational realities AVs face and does not provide a level of relief proportionate to the financial harm AVs incur when a contract is abandoned.

Supporting Rationale and Evidence

1. Definition of Abandonment is too Narrow

The proposed definition, limiting abandoned contracts to Energized (Part II verified) systems no longer delivering RECs solely due to a change in property ownership, excludes a wide range of common and consequential scenarios where AVs are unable to fulfill program obligations due to customer non-cooperation, refusal of service, or sustained unresponsiveness, even when the original customer remains the legal owner and the system remains technically operational. As stated in our initial stakeholder feedback, abandonment is not limited to property transfers. We have experienced:



- Situations in which customers become unresponsive and ignore repeated outreach attempts, unreasonably refuse access to their property or decline to participate in required maintenance.
- Cases where customers obstruct contractual performance, yet the system remains energized.
- Circumstances where no REC shortfalls are evident yet, but AVs are unable to fulfill obligations due to a lack of cooperation.

An abandoned contract is not defined by system inoperability or REC shortfall alone, but by the AV's inability to perform their obligations due to the customer's actions or inactions. The Agency must broaden the definition to include these realities if it is to offer meaningful relief.

2. Relief Mechanism is Limited and Delayed

While the proposed 25% collateral refund is a step in the right direction, it does not go far enough given the scale of loss AVs can experience in abandoned contract scenarios and raises the following concerns:

- Applies only prospectively to new REC contracts, leaving AVs with **no relief** for existing abandoned projects.
- Assumes AVs are primarily responsible for preventing abandonment, which overlooks customer behavior as often the decisive factor, and largely outside of AVs control.
- Does not address situations where AVs continue to report generation from operational systems but face shortfalls due to customer non-cooperation.

In all these scenarios, not just home sales, AVs often have limited ability to remedy defaults, lack formal recourse through the program, and face unrecoverable financial losses. Despite diligent outreach and ongoing compliance efforts, AVs remain bound by program obligations without a viable mechanism to mitigate the associated risks.

In our experience, most abandoned contracts occur within the Small Distributed Generation category, where project margins are narrow but collateral requirements can remain significant. Recovering only 25% of 5% of a system's value is not proportionate to the upfront costs, unrecouped REC value, and ongoing program obligations that remain unresolved. Additionally, collateral is calculated based on Part I capacity estimates, which can often exceed the final verified Part II capacity, and the contracting utility retains the difference. Moreover, the forfeiture of collateral has typically become the default outcome for AVs when REC contracts are cancelled. This systemic imbalance in risk and financial burden needs to be more equitably addressed; the currently proposed relief mechanism does not go far enough.

There also appears to be a contradictory rationale. The Agency's own proposal acknowledges that not all instances of abandonment are preventable yet simultaneously asserts that AVs are "in the best position" to avoid them. These positions are in conflict. AVs cannot prevent a customer from selling their home, failing to



disclose it, or refusing to communicate. To hold AVs responsible for these actions, while offering limited relief, is inequitable.

Finally, if the Agency considers AVs to be in the best position to prevent abandonment, then AVs should be permitted to resolve such cases independently, including pursuing available legal remedies, without further program intervention or penalty. In our experience, program administration has regularly involved itself in AV-customer matters, often citing consumer protection requirements as justification for such engagement. This precedent makes it difficult to reconcile the Agency's stated expectation that AVs alone bear responsibility for abandoned contract scenarios.

3. Preventative Measures are Insufficient

We support the Agency's proposal to expand educational outreach to realtors and related stakeholders, but educational materials alone will not prevent cases of abandoned contracts. These are inherently unpredictable situations that often occur months or years after project completion, despite the AV's compliance with current consumer protection standards. As highlighted in our initial feedback, additional preventative strategies should include:

- Clear, signed customer acknowledgments at the time of contracting, detailing long-term obligations and consequences of abandonment.
- Stronger customer-facing documentation and disclosures that reinforce expectations beyond installation.

Suggested Improvements for Proposed Framework

Taking our day-to-day experiences into account, and to meaningfully address abandoned contracts, we urge the Agency to adopt the following:

- Broaden the definition of 'Abandoned Contract' to include sustained and documented customer non-cooperation, unresponsiveness, refusal of service, and failure to fulfill contractual obligations – even if property ownership has not changed.
- Implement a formal, transparent abandoned contract filing process that allows AVs to submit documented proof of abandonment for program review and approval (for example, failed outreach, confirmed property sale, non-response). This process could be integrated into the existing annual reporting framework, enabling AVs to flag imminent or suspected abandoned contracts within the normal program cycle. Embedding this mechanism into the annual report would also establish a consistent, one-year program year timeline for identifying and addressing such cases.



- Increase the relief amount to 100% or a proportional refund of posted collateral based on verified financial loss, especially in cases where AVs can demonstrate good faith efforts to fulfill the contract.
- Apply relief retroactively to existing contracts, not only to new REC contracts approved following Program Year 2026-27.
- Clarify how the remaining REC value is treated after contract abandonment to ensure transparency and fairness.

Additionally, the Solar Restitution Fund, or a similar financial pool, should be evaluated for equity across both customers and AVs. Currently, customers may receive restitution when a project fails, but AVs receive no parallel support when a customer abandons a project. This creates an imbalance that suggests customers are afforded higher standing within the program than the AVs who enable its delivery. If equity and shared accountability are program priorities, then relief for AVs must reflect the same principle of restitution that is offered to customers. This current proposal does not encourage that parity to exist.

Conclusion

The burden of program compliance lies almost exclusively with the AV. If a customer walks away, the consequences are disproportionately felt by the AV. AVs are expected to maintain good standing, absorb significant unrecoverable costs, and meet performance expectations, with no guarantee of relief. As such, we acknowledge and appreciate the Agency's willingness to engage with this issue and are encouraged by the Agency's recognition of abandoned contracts as a systemic issue. However, the current proposals limit both the definition of abandonment and the scope of relief in ways that do not fully reflect the operational realities facing AVs. Only through a more holistic and flexible approach can the program ensure fairness, accountability, and sustainability for all participants. Without more comprehensive and fair solutions, AVs will continue to carry disproportionate risk for events that are often outside their control.

We respectfully request that the Agency reconsider and strengthen its proposed abandoned contract provisions to better support long-term program sustainability, equity, and shared accountability.

Sincerely,

Elise Christianson, Incentives Program Manager
Pam McGuigan, Compliance & Operations Specialist