



Illinois Power Agency RPS Budget Update April 17, 2026

Introduction

Appendix B of the IPA's 2026 Long-Term Renewable Resources Procurement Plan ("2026 Long-Term Plan" or "Plan"), published on October 20th, 2025, presents the Illinois Renewable Portfolio Standard ("RPS") goals, procurements, and budget known as the RPS Budget model. On February 17, 2026, the Illinois Commerce Commission ("ICC") approved the 2026 Long-Term Plan. The updated RPS Budget model reflects all changes adopted in the Plan as approved by the ICC and also serves as the first quarterly REC and Budget forecast update under the Plan. Contained herein are a suite of updates that provide a refresh of underlying data inputs and drivers.

Indexed REC Updates

The Agency updated the Indexed REC section of the model to reflect the most recent procurement activity and market data. Specifically, the model incorporated Indexed REC procurement activities from the Fall 2025 procurement event and removed Indexed REC projects that have been terminated or otherwise removed from the portfolio since the publication of the RPS Budget and REC Portfolio Model (Appendix B) as part of the 2026 Long-Term Plan in October 2025. Forward electricity prices have also been refreshed to reflect current market conditions. The new forward prices are slightly lower on average than those used in the published Plan¹ through delivery year (DY) 2038-39, after which average prices begin to exceed previous projections. The lower initial average forward prices result in an initial increase in REC spending through DY 2038-39 to compensate for the lower energy prices.

Illinois Shines and Illinois Solar for All Updates

Several updates were made to the Illinois Shines (formerly known as the Adjustable Block Program or "ABP") and Illinois Solar for All ("ILSFA") sections of the model, reflecting both Commission-approved program changes and refreshed data inputs.

ITC Adder for Small DG. In the Approved 2026 Long-Term Plan, the Commission approved a \$20/REC adder for those Small DG projects owned by customers who forfeit or otherwise lose access to the Investment Tax Credit ("ITC") for the 2026-27 Program Year. The October 2025 model assumed this adder applied to 20% of Small DG projects. Following further research into the share

¹ The IPA's draft 2026 Long-Term Plan was published August 15, 2025.

of Small DG projects with ITC eligibility, this assumption has been updated, increasing to 50%. This change results in an additional \$5,950,375 of ABP spending through DY 2029-30.

EEC Category Adders. The Commission also approved a \$5/REC adder for all Equity Eligible Contractor ("EEC") category distributed generation projects and a separate \$5/REC adder for EEC category community solar projects for which the EEC "self-performs" engineering, procurement, construction, and development work. The RPS Budget model does not distinguish between EEC DG and EEC community solar at the project level. Further, there is a lack of transparent and verifiable data regarding the potential level of uptake by "self-performing" EECs. As a result, the model applied a uniform \$5/REC adder across all EEC projects. The Agency estimates 100% utilization of this adder to anticipate the maximum possible impact on overall RPS expenses. This utilization rate results in a modest increase to overall ABP spend. The Agency will conduct direct surveys and further analysis in the Fall/Winter of 2026 to further refine this assumption.

Refreshed Illinois Shines and ILSFA Data. Illinois Shines contracted REC volumes, associated spending, and remaining program capacity for the 2025-26 program year have been updated to reflect the most recent available data. Contracted RECs for Illinois Shines includes projects that have been claimed and officially contracted. Projects that have been claimed but not yet fully contracted remain reflected in projected RECs. ILSFA historical spending and projected REC volumes have also been updated.

Clean and Reliable Grid Affordability Act Updates

The Clean and Reliable Grid Affordability (CRGA) Act (P.A. 104-0458), signed into law on January 8, 2026, introduced several updates that alter the RPS budget directly. Some of these updates, listed below, have been incorporated into the updated RPS Budget model at this stage to demonstrate the effects of the law, although the law does not enter into force until June 1, 2026.

RPS Budget Inflation Adjustment. Historically, RPS collections from eligible retail customers have been limited such that the annual estimated average net increase in electric service costs from renewable resource procurement is equivalent to no more than 4.25% of the amount paid per kilowatt-hour by those customers during the year ending May 31, 2009. CRGA introduced an annual inflationary adjustment to this "rate cap", with the first adjustment occurring in DY 2026-27. The model has been updated to reflect a 3% annual inflation adjustment based on the average Consumer Price Index (CPI) over the immediately preceding three-year period (calendar years 2023, 2024, 2025). This update has a significant impact on projected future collections, as the inflation-linked adjustment compounds over time and meaningfully increases the funds available for REC procurement in later years compared with prior model versions. The current inflation percentage is an assumption made by the Agency which will be refined once CRGA goes into effect. The official methodology behind the calculation of the inflation percentage will be determined by the IPA, ICC and the Utilities closer to the effective date for CRGA.

ZEC Collection Transfer. Under CRGA, the aforementioned “rate cap” has been updated to include an additional 1.65 percentage points of the amount paid per kilowatt-hour by eligible retail customers during the year ending May 31, 2009. This amount is the same as the dollar amount that is currently dedicated to the Zero Emission Credit (“ZEC”) program, slated to end in May 2027. The additional 1.65 percentage points is incorporated into the model beginning with DY 2027-28, serving as an additional source of RPS Revenue starting in this delivery year and going forward.²

Small DG Payment Structure. The model has been updated to reflect a change in the payment structure for Small Distributed Generation (“Small DG”) projects, which moves from 100% upfront payment structure to a structure wherein 50% is paid upfront and the remaining 50% is paid over the subsequent six years. This change begins with DY 2026-27 and has one of the most significant near-term impacts on the RPS Budget, as it substantially reduces projected expenditure in early delivery years.

Additional changes introduced by CRGA, including the Geothermal Homes and Business Program, are not reflected in this budget model update and will instead be incorporated when finalized in the 2028 Long-Term Plan, as mentioned in the law. This update also excludes any anticipated changes from the forthcoming Illinois Integrated Resource Plan (“IRP”), to be issued by November 16, 2026, and litigated before the ICC thereafter.

Other Data Updates and Error Corrections

The updated model also incorporates several data corrections and refinements to improve accuracy and consistency across the RPS Budget calculations.

RPS Collection for DY 2020-21. The RPS collection figure for DY 2020-21 was previously referenced incorrectly to the DY 2021-22 collection value, rather than being calculated as the applicable rate multiplied by utility sales. This error has been corrected and had negligible impact on the overall RPS Budget forecast.

Utility Sales Subject to RPS Target. Utility sales figures used to calculate RPS obligations have been updated to correctly account for the difference between reference years and procurement years, and to properly subtract self-direct volumes from the applicable load base. These corrections had insignificant effects on the overall RPS Budget forecast.

² By way of historic explanation, the 1.65 percentage point increase represents the collection amount previously allocated to the Zero Emission Credit (ZEC) program. As the ZEC program concludes in DY 2027-28, this amount, through CRGA, was reallocated to support RPS Budget funding.

Self-Direct Rates and Volumes. Self-direct program participation rates and volumes have been updated to align with historical values and data contained in Chapter 6 of the Approved 2026 Long-Term Plan. These changes had negligible impacts on the overall RPS Budget forecast.

ACP Funding Carry-Over Balance. The Annual Collection and Carry-Over balance (referenced in the "RPS Balance" tab, Column AD) for delivery years after 2025-26 previously referenced available funds at the start of DY 2020-21 – reflecting an older ACP funding figure. These values have been updated to reference available funds at the start of DY 2025-26, consistent with the most current ACP funding data.

Summary of Results

Table 1 below presents total REC volumes under last published October 2025 and current April 2026 model versions. Although new Indexed REC procurements were added in Fall 2025, total REC volumes declined due to project attrition from both Indexed REC projects and Illinois Shines projects. More conservative projections for future ILSFA REC procurement also contributed to the decline in total REC volumes.

Table 1: Total RECs (Under Contract and Projected)

Delivery Year	Oct-25	Apr-26	Difference
2025-2026	31,138,676	30,269,621	(869,055)
2026-2027	36,610,594	35,696,921	(913,673)
2027-2028	41,946,505	40,943,200	(1,003,305)
2028-2029	46,675,568	45,657,724	(1,017,844)
2029-2030	51,667,930	50,647,055	(1,020,875)
2030-2031	58,258,239	57,234,102	(1,024,137)
2031-2032	64,841,042	63,813,696	(1,027,346)
2032-2033	70,247,508	69,216,638	(1,030,869)
2033-2034	77,210,206	76,811,526	(398,680)
2034-2035	85,263,412	84,955,354	(308,059)
2035-2036	91,612,357	90,960,733	(651,624)
2036-2037	95,904,411	95,078,250	(826,161)
2037-2038	101,445,549	100,684,950	(760,599)
2038-2039	106,102,827	105,380,893	(721,934)
2039-2040	109,827,467	108,830,885	(996,581)
2040-2041	111,670,943	110,638,886	(1,032,058)
2041-2042	114,881,206	113,826,720	(1,054,486)
2042-2043	117,150,208	116,559,946	(590,262)
2043-2044	115,267,394	114,623,209	(644,185)



2044-2045	113,411,168	112,530,268	(880,900)
2045-2046	111,104,587	109,769,472	(1,335,116)
2046-2047	108,178,925	107,769,253	(409,672)

Table 2 below presents the total projected collection from rates under last published October 2025 and current April 2026 model versions. Collections decrease in DY 2025–26 due to a correction to the utility sales forecast in the model. Collections increase beginning in DY 2026-27 and beyond, now reflecting CRGA-related funding improvements, notably incorporation of the RPS Budget inflation adjustment and incorporation of the 1.65% ZEC collection transfer.

Table 2: Total Collections

Delivery Year	Oct-25	Apr-26	Difference
2025-2026	\$ 573,120,697	\$ 566,370,554	\$ (6,750,143)
2026-2027	\$ 578,969,268	\$ 590,454,975	\$ 11,485,706
2027-2028	\$ 611,388,260	\$ 853,200,957	\$ 241,812,697
2028-2029	\$ 645,562,693	\$ 928,605,138	\$ 283,042,445
2029-2030	\$ 689,718,317	\$ 1,010,929,296	\$ 321,210,979
2030-2031	\$ 746,812,767	\$ 1,113,636,630	\$ 366,823,863
2031-2032	\$ 814,483,102	\$ 1,243,412,545	\$ 428,929,443
2032-2033	\$ 871,502,661	\$ 1,397,452,384	\$ 525,949,723
2033-2034	\$ 927,568,251	\$ 1,540,108,796	\$ 612,540,545
2034-2035	\$ 979,487,987	\$ 1,687,960,793	\$ 708,472,806
2035-2036	\$ 1,021,197,184	\$ 1,835,548,690	\$ 814,351,507
2036-2037	\$ 1,046,600,742	\$ 1,970,834,537	\$ 924,233,795
2037-2038	\$ 1,060,407,592	\$ 2,080,292,834	\$ 1,019,885,242
2038-2039	\$ 1,064,094,286	\$ 2,170,890,592	\$ 1,106,796,306
2039-2040	\$ 1,068,609,940	\$ 2,243,791,405	\$ 1,175,181,466
2040-2041	\$ 1,071,075,244	\$ 2,320,904,938	\$ 1,249,829,694
2041-2042	\$ 1,073,565,977	\$ 2,396,055,521	\$ 1,322,489,544
2042-2043	\$ 1,076,081,569	\$ 2,473,683,683	\$ 1,397,602,113
2043-2044	\$ 1,080,591,754	\$ 2,553,870,842	\$ 1,473,279,088
2044-2045	\$ 1,083,167,217	\$ 2,641,498,873	\$ 1,558,331,656
2045-2046	\$ 1,083,270,084	\$ 2,720,779,969	\$ 1,637,509,885
2046-2047	\$ 1,083,270,084	\$ 2,802,439,450	\$ 1,719,169,366

Table 3, below, presents the projected end-of-year (EOY) RPS Budget balance under the last published October 2025 and current April 2026 model versions. The end-of-year balance is impacted by different factors that counteract each other. The RPS Budget balance is increased as a

result of the updated payment structure for Small DG program and higher rate collections resulting from the inflation adjustment and additional 1.65% percentage point. Partially offsetting these improvements are updates to forward prices, with lower forward electricity prices and associated increases in Indexed REC spending reducing the balance. Overall, improvements in rate collections, coupled with adjustments to the Small DG compensation methodology, outweigh the effects of increased Indexed REC spending, with the EOY balance improving compared with the October 2025 model version in DY 2026-27 and all subsequent years. Based upon current model updates and market conditions, while the overall RPS budget balance has improved as reflected in this RPS Budget Forecast update, the budget shortfall continues to be projected to occur in DY 2027-2028.

Table 3: End-of-Year Balance

Delivery Year	Oct-25	Apr-26	Difference
2025-2026	\$ 546,977,470	\$ 483,096,662	\$ (63,880,808)
2026-2027	\$ 21,304,582	\$ 224,287,880	\$ 202,983,298
2027-2028	\$ (598,281,641)	\$ (172,245,068)	\$ 426,036,574
2028-2029	\$ (1,465,848,164)	\$ (783,694,730)	\$ 682,153,434
2029-2030	\$ (2,716,507,407)	\$ (1,782,283,757)	\$ 934,223,650
2030-2031	\$ (4,266,511,577)	\$ (3,091,972,855)	\$ 1,174,538,722
2031-2032	\$ (5,968,606,716)	\$ (4,565,143,778)	\$ 1,403,462,938
2032-2033	\$ (7,791,030,788)	\$ (6,098,062,108)	\$ 1,692,968,680
2033-2034	\$ (9,654,996,355)	\$ (7,642,944,035)	\$ 2,012,052,319
2034-2035	\$ (11,694,864,028)	\$ (9,210,376,138)	\$ 2,484,487,890
2035-2036	\$ (13,974,147,457)	\$ (10,928,146,769)	\$ 3,046,000,688
2036-2037	\$ (16,520,030,645)	\$ (12,768,590,244)	\$ 3,751,440,401
2037-2038	\$ (19,389,209,453)	\$ (14,743,015,835)	\$ 4,646,193,618
2038-2039	\$ (22,457,872,610)	\$ (16,801,536,075)	\$ 5,656,336,534
2039-2040	\$ (25,835,358,086)	\$ (19,080,211,157)	\$ 6,755,146,929
2040-2041	\$ (29,472,650,322)	\$ (21,512,524,382)	\$ 7,960,125,941
2041-2042	\$ (33,320,605,588)	\$ (24,063,791,369)	\$ 9,256,814,219
2042-2043	\$ (37,330,776,467)	\$ (26,664,556,182)	\$ 10,666,220,286
2043-2044	\$ (41,355,747,783)	\$ (29,159,639,955)	\$ 12,196,107,828
2044-2045	\$ (45,222,893,716)	\$ (31,480,443,848)	\$ 13,742,449,868
2045-2046	\$ (49,004,013,062)	\$ (33,565,958,479)	\$ 15,438,054,583
2046-2047	\$ (52,612,012,917)	\$ (35,329,844,808)	\$ 17,282,168,108