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ILLINOIS POWER AGENCY

Illinois Power Agency Budget Forecast Update October 8, 2026

Appendix B of the IPA's 2026 Long-Term Renewable Resources Procurement Plan ("2026 Long-Term Plan" or "Plan") presents the Illinois Renewable Portfolio Standard ("RPS") goals, procurements, and budget, collectively referred to as the RPS Budget model. On February 19, 2026, the Illinois Commerce Commission approved the 2026 Long-Term Plan with modifications. On April 20, 2026, the Illinois Power Agency (the "Agency") filed the Final 2026 Long-Term Plan, modified to comply with the Commission's Final Order. This Final 2026 Long-Term Plan included an updated Appendix B, which served as the first RPS Budget Forecast Update.

This October 2026 update to the RPS Budget model reflects all changes adopted in the 2026 Long-Term Plan and serves as the second quarterly RPS Budget Forecast Update.

Illinois Shines and Illinois Solar for All Updates

Several updates were made to the Illinois Shines (statutorily known as the Adjustable Block Program, or "ABP" as labeled within the model) and Illinois Solar for All ("ILSFA") sections of the model to reflect the latest program data and to clarify programmatic parameters for Program Year ("PY") 2026-27.

Refreshed Illinois Shines and ILSFA Data. Illinois Shines contracted renewable energy credit ("REC") volumes, associated expenses, and remaining program capacity for PY 2026-27 have been updated with the most recent data available. This update retroactively corrected payment schedules for Equity Eligible Contractor ("EEC") category Community Solar projects, Public Schools category projects, and Traditional Community Solar ("TCS") category projects on the 2024 20-year REC Contract. These projects are assigned a 20-year pay-as-delivered schedule as contractually dictated, but were previously modeled on a 6-year payment schedule.

ILSFA contracted REC volumes, expenses, and remaining program capacity have been refreshed on the same basis. As with prior updates, contracted RECs include projects that have been contracted. Alternatively, projects that have been submitted to the program and allocated capacity, but not yet fully contracted, remain reflected in projected RECs.

Update to EEC Category Payment Schedule Assumptions. To anticipate the maximum possible impact on overall RPS expenses, the previous RPS budget model assumed that all EEC category projects followed the large distributed generation ("DG") payment schedule, under which contracts are paid in full over 6 years. However, review of recent contracts shows that more than 95% of EEC category spending comes from community solar projects, for which contracts follow a 20-year pay-

as-delivered schedule. The payment schedule for the EEC category in the RPS budget model has therefore been updated with the following allocations by project type:

- Community solar (20-year pay-as-delivered): 90%
- Large DG (15% paid upfront at energization, the remainder paid ratably over 6 years): 5%
- Small DG (50% paid upfront at energization, the remainder paid ratably over 6 years): 5%

Update to Public Schools Category Payment Schedule Assumptions. The previous RPS budget model assumed that all projects in the Public Schools category contracted in the future would follow the 20-year pay-as-delivered schedule. P.A. 104-0458, which became effective on June 1, 2026, established that Large DG projects within the Public Schools category that receive a REC contract after June 1, 2026 will receive 15% payment upfront at energization, with the remainder paid ratably over 6 years. Small DG projects in the Public Schools category that receive a REC contract after June 1, 2026 will similarly receive 50% payment upfront at energization, with the remainder paid ratably over 6 years. Review of recent contracts shows that over 60% of Public Schools category spending comes from Large DG projects. The payment schedule for the Public Schools category in the RPS budget model has therefore been updated with the following allocations by project type:

- Community solar (20-year pay-as-delivered): 30%
- DG (15% paid upfront at energization, with the remainder paid ratably over 6 years): 70%

Unclaimed Capacity Reference Year. The model's calculation of unclaimed program capacity now references the opening capacity amount for PY 2026-27, consistent with the start of the current program year. Separately, uncontracted capacity from PY 2025-26 was rolled into the PY 2026-27 block under Program rules.

Community Solar Size Bucket Update. The largest project size bucket for the TCS and Community-Driven Community Solar ("CDCS") categories has been relabeled from ">2000-5000" kW to ">2000-10000" kW to match current program parameters.

ILSFA Administrative Expenses. The model now includes additional ILSFA administrative expenses of \$10,000,000 for DY 2026-27 and \$5,000,000 for DY 2027-28, funded from the overall RPS Budget collection pool. These amounts apply only to those two delivery years, with no provision for extension into subsequent years absent further action.

Indexed REC Updates

The Agency updated the Indexed REC section of the model to reflect the most recent procurement activity and market data.

Historical Data. REC spending and REC deliveries for DY 2024-25 and DY 2025-26 have been updated with historical data for all Indexed REC projects that delivered RECs in those years.

REC Volumes and Strike Prices. REC volumes have been updated to include terminations and additions to the Indexed REC portfolio since the April 2026 model update, and strike prices have been refreshed accordingly. RECs under contract from the 2023-24 Procurement Year have also been revised upward to incorporate a project that was omitted in the previous update.

Forward Price Curve. Forward electricity prices have also been refreshed to match current market expectations. The new forward prices are slightly higher than the previous curve.

Other Data Updates and Corrections

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

RPS Budget Inflation Adjustment. P.A. 104-0458, which became effective June 1, 2026, requires the utilities to file inflation forecasts as a component of their Renewable Portfolio Standard customer charges by June 1 of each year. The inflation rate in the model has been updated to 2.7% to align with the latest utility filings.

Self-Direct Formula Correction. The ComEd range beginning at row 89 of the "RPS Balance" tab (Column I) referenced an incorrect table. This has been corrected.

Utility Load Forecasts. All utilities provided the IPA with updated load forecasts that are now incorporated in the model. The load forecast for Ameren has decreased slightly. The load forecast for MidAmerican has slightly increased. The forecast for ComEd is unchanged from the April 2026 update to the RPS Model.

MidAmerican Sales Correction (PY 2024-25). In the General Inputs tab, cell I31 had been incorrectly carried over from the 2024 Long-Term Plan. This has been corrected to utilize actual PY 2024-25 sales data for MidAmerican.

Chapter 3 Table Corrections. Table 3-2 previously displayed total utility sales rather than Applicable Load; this has been corrected. Similarly, a column in Table 3-3 was mislabeled "Total Applicable Load" and has been corrected to be "Total Utility Sales."

Geothermal Homes and Businesses Program. P.A. 104-0458 authorizes the Agency to allocate up to \$10 million per year to a new Geothermal Homes and Businesses program beginning in DY 2028-29. This program is to be funded from the overall RPS budget and has been incorporated into this model release as a set-aside.

Summary of Results

This update reflects increased procurement of RECs from both the Indexed REC and Illinois Shines programs, with cumulative net contracted and projected RECs from DY 2023-24 through DY 2029-30 increasing by 957,481 compared with the previous model release (see Table 1 below). Despite this increase, total REC spending from DY 2023-24 through DY 2029-30 has decreased by ~\$1.4B compared with the April update. With lower projected spending and some modeled spending revised downwards for previous years, the RPS budget is now expected to reach a deficit in DY 2029-30 rather than DY 2027-28. While a deficit is still anticipated in the medium term, these updates, in combination with the changes contained in P.A. 104-0458, result in additional time before the anticipated deficit in the RPS Budget.

Key drivers include the items described below. The spending impacts in this section do not add up to the overall \$1.4B decrease mentioned above, as they are partially offset by new set-asides and adjustments to prior years' spending in some categories.

1. Payment Schedule Corrections

- a. Illinois Shines TCS projects on the 2024 20-year REC Delivery Contract are on a 20-year pay-as-delivered payment schedule. However, in previously utilized data, payments for these projects were erroneously modeled on a 6-year payment schedule. Correcting the data has aligned this category's estimated spending with program invoice records and projected spend, resulting in ~\$256M lower spending overall from DY 2020-21 through DY 2029-30.
- b. Illinois Shines EEC category CS projects on the 2024 20-year REC Delivery Contract follow a 20-year pay-as-delivered payment schedule. However, in the previously utilized data, payments for these projects were erroneously modeled on a 6-year payment schedule. Correcting the data has decreased spending by ~\$127M from DY 2020-21 through DY 2029-30.
- c. Illinois Shines Public Schools category projects on the 2024 20-year REC Delivery Contract follow a 20-year pay-as-delivered schedule. However, in the previously utilized data, payments for these projects were erroneously modeled on a 6-year payment schedule. Correcting the data has decreased spending by ~\$17M from DY 2020-21 through DY 2029-30.

2. Decreased Spending for Indexed REC Projects

- a. This forecast decrease in spending is driven by increased forward prices and project terminations. Modeled REC prices for Indexed REC projects are inversely correlated with forward prices; projected spending has therefore decreased compared with the April update. Spending on Indexed REC projects has decreased by ~\$237.3M from DY 2026-27 through DY 2029-30.

3. Corrections to the Illinois Shines Pipeline: Removal from Projected RECs

- a. Before an Illinois Shines project is placed on a REC Contract, it must go through a review and batching process, and must be submitted to and approved by the ICC. The resulting

contract must then be executed by the involved parties. This process takes time and does not always result in the project receiving, or being placed on, an active REC contract. Projects that have been submitted to the Program and allocated capacity out of the Program's overall block, but which are not yet placed on an active REC contract, are not accounted for in estimating REC spending. These projects had previously been included under projected spending, and their removal accounts for ~\$189M of the spending decrease from DY 2020-21 through DY 2028-29.

4. Revised Projections for EEC Category Spending
 - a. Previous model versions assumed that all future EEC category projects would be paid on a 6-year (DG) schedule. This assumption has been updated based on actual EEC category project data, which shows that most EEC category projects are Community Solar projects paid on a 20-year schedule. This change lowers spending by ~\$403M from DY 2020-21 through DY 2028-29.
5. Capacity Rolled Over between Program Years & Payment Timing
 - a. As of June 1, 2026, 308 MW of remaining DY 2025-26 Illinois Shines capacity was rolled over to DY 2026-27. Payments do not begin until a project energizes, therefore, delaying contracting of capacity delays spending. This effect is most pronounced for projects in the Large DG category. As the RECs for Large DG projects are paid in full over six years, a one-year delay in contracting, plus the assumed lag between contracting and energization, shifts a substantial share of the payment stream beyond the original forecast window.
 - b. The new data utilized for this update revises how payments are modeled for each contract. Payments are now modeled to begin 30 days after energization on a quarterly invoice cycle, rather than a lump sum for the entire program year. This produces a partial payment in the first program year and spreads the X years of contract value across X+1 program years, shifting additional spending beyond DY 2028-29.
 - c. Delays tied to roll-over across all Illinois Shines categories, along with the above update to modeled payment schedules, have lowered projected spend by ~\$224M from DY 2020-21 through DY 2028-29, net of newly contracted projects.
6. Delays in Project Energization
 - a. Many Illinois Shines projects were contracted during DY 2025-26 but are still in development. Some have delayed their energization dates, leading to further delays in spending. These delays have pushed down projected spending by ~\$148M from DY 2020-21 through DY 2028-29.

Summary of Model Tables

Table 1 below presents total REC volumes from the current model (October 2026) and the most recently published model (April 2026). Volumes for DY 2023-24 and DY 2024-25 have been revised upwards, mainly due to the addition of an Indexed REC project which had been erroneously excluded from the previous update, and reclassification of when Illinois Shines RECs are considered “procured” to align with the methodology used for other programs. Higher REC volumes in future years primarily reflect expanded procurement of large-scale projects, particularly Public Schools category, utility-scale wind, and utility-scale solar projects.

Table 1: Total RECs (Under Contract and Projected)

Procurement Year	Apr-26	Oct-26	Difference
2023-2024	12,158,590	13,077,971	919,381
2024-2025	19,015,746	19,464,434	448,688
2025-2026	30,269,621	29,845,702	-423,919
2026-2027	35,696,921	37,372,374	1,675,452
2027-2028	40,943,200	41,392,352	449,152
2028-2029	45,657,724	46,341,134	683,410
2029-2030	50,647,055	51,604,536	957,481
2030-2031	57,234,102	58,464,404	1,230,302
2031-2032	63,813,696	65,260,542	1,446,847
2032-2033	69,216,638	70,879,228	1,662,589
2033-2034	76,811,526	78,054,213	1,242,687
2034-2035	84,955,354	86,295,072	1,339,719
2035-2036	90,960,733	92,841,088	1,880,356
2036-2037	95,078,250	97,326,175	2,247,925
2037-2038	100,684,950	103,332,705	2,647,755
2038-2039	105,380,893	108,147,219	2,766,325
2039-2040	108,830,885	112,056,922	3,226,037
2040-2041	110,638,886	115,257,795	4,618,909
2041-2042	113,826,720	118,679,478	4,852,758
2042-2043	116,559,946	122,023,736	5,463,791
2043-2044	114,623,209	119,772,971	5,149,762
2044-2045	112,530,268	118,107,196	5,576,927
2045-2046	109,769,472	115,361,085	5,591,613

Table 2, below, presents total REC spending under the current model (October 2026) and the most recently published model (April 2026). Topline spending has decreased for all years except DY 2023-24, in which it has slightly increased. Key drivers of reduced spending are discussed in the Summary of Results section above. Decreases in spending have been partially offset by the two-year ILSFA set-aside increase and new spending for the Geothermal Homes and Businesses Program, beginning in DY 2028-29.

Table 2: Total Spending by Delivery Year

Delivery Year	Apr-26	Oct-26	Difference
2023-2024	\$ 605,360,868	\$ 620,599,667	\$ 15,238,798
2024-2025	\$ 665,847,440	\$ 596,479,941	\$ (69,367,499)
2025-2026	\$ 734,025,592	\$ 536,858,496	\$ (197,167,095)
2026-2027	\$ 849,263,756	\$ 619,242,799	\$ (230,020,957)
2027-2028	\$ 1,249,733,904	\$ 976,629,823	\$ (273,104,081)
2028-2029	\$ 1,540,054,801	\$ 1,209,500,320	\$ (330,554,480)
2029-2030	\$ 2,009,518,322	\$ 1,669,640,516	\$ (339,877,805)
2030-2031	\$ 2,423,325,728	\$ 2,041,086,998	\$ (382,238,729)
2031-2032	\$ 2,716,583,469	\$ 2,303,223,039	\$ (413,360,429)
2032-2033	\$ 2,930,370,713	\$ 2,570,557,024	\$ (359,813,689)
2033-2034	\$ 3,084,990,724	\$ 2,863,555,438	\$ (221,435,285)
2034-2035	\$ 3,255,392,896	\$ 3,114,850,257	\$ (140,542,639)
2035-2036	\$ 3,553,319,322	\$ 3,410,367,139	\$ (142,952,182)
2036-2037	\$ 3,811,278,011	\$ 3,659,504,814	\$ (151,773,197)
2037-2038	\$ 4,054,718,425	\$ 3,904,802,412	\$ (149,916,012)
2038-2039	\$ 4,229,410,832	\$ 4,111,044,922	\$ (118,365,910)
2039-2040	\$ 4,522,466,487	\$ 4,389,064,655	\$ (133,401,831)
2040-2041	\$ 4,753,218,163	\$ 4,617,777,995	\$ (135,440,168)
2041-2042	\$ 4,947,322,509	\$ 4,815,813,714	\$ (131,508,794)
2042-2043	\$ 5,074,448,495	\$ 4,946,189,058	\$ (128,259,437)
2043-2044	\$ 5,048,954,616	\$ 4,925,384,598	\$ (123,570,017)
2044-2045	\$ 4,962,302,766	\$ 4,888,631,804	\$ (73,670,962)
2045-2046	\$ 4,806,294,600	\$ 4,803,263,359	\$ (3,031,241)

Table 3, below, presents the projected end-of-year (EOY) RPS Budget balance under the last published April 2026 and current October 2026 model versions. Compared with the April model, the EOY RPS Budget balance is consistently higher from DY 2024-25 onward. This improvement is a result of downward revisions to previous and projected REC spending, as detailed in the Summary of Results section. This decline in spending is partially offset by increases from new spending categories mandated in P.A. 104-0458 and a lower inflation rate from utility tariff filings. The budget shortfall is now projected to occur in DY 2029-30, rather than DY 2027-28.

Table 3: End-of-Year Balance

Delivery Year	Apr-26	Oct-26	Difference
2023-2024	\$ 1,134,031,882	\$ 1,131,317,791	\$ (2,714,091)
2024-2025	\$ 1,041,672,765	\$ 1,108,143,601	\$ 66,470,835
2025-2026	\$ 483,096,661	\$ 679,991,122	\$ 196,894,460
2026-2027	\$ 224,287,880	\$ 649,101,930	\$ 424,814,050
2027-2028	\$ (172,245,067)	\$ 520,074,193	\$ 692,319,261
2028-2029	\$ (783,694,730)	\$ 209,214,374	\$ 992,909,105
2029-2030	\$ (1,782,283,756)	\$ (483,989,176)	\$ 1,298,294,580
2030-2031	\$ (3,091,972,854)	\$ (1,445,072,086)	\$ 1,646,900,768
2031-2032	\$ (4,565,143,778)	\$ (2,546,213,038)	\$ 2,018,930,740
2032-2033	\$ (6,098,062,107)	\$ (3,770,832,324)	\$ 2,327,229,782
2033-2034	\$ (7,642,944,035)	\$ (5,153,994,013)	\$ 2,488,950,021
2034-2035	\$ (9,210,376,137)	\$ (6,649,760,047)	\$ 2,560,616,090
2035-2036	\$ (10,928,146,769)	\$ (8,303,446,749)	\$ 2,624,700,019
2036-2037	\$ (12,768,590,243)	\$ (10,081,425,144)	\$ 2,687,165,099
2037-2038	\$ (14,743,015,834)	\$ (12,005,529,161)	\$ 2,737,486,673
2038-2039	\$ (16,801,536,075)	\$ (14,055,486,927)	\$ 2,746,049,147
2039-2040	\$ (19,080,211,157)	\$ (16,320,566,639)	\$ 2,759,644,518
2040-2041	\$ (21,512,524,381)	\$ (18,747,871,998)	\$ 2,764,652,383
2041-2042	\$ (24,063,791,368)	\$ (21,309,029,385)	\$ 2,754,761,983
2042-2043	\$ (26,664,556,181)	\$ (23,934,442,880)	\$ 2,730,113,300
2043-2044	\$ (29,159,639,955)	\$ (26,470,926,278)	\$ 2,688,713,676
2044-2045	\$ (31,480,443,847)	\$ (28,895,970,106)	\$ 2,584,473,741
2045-2046	\$ (33,565,958,479)	\$ (31,169,315,522)	\$ 2,396,642,956