June 12th, 2025

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

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COMMENTS BY CARBON SOLUTIONS GROUP

Carbon Solutions Group ("CSG") appreciates the opportunity to comment before the Illinois Power Agency ("the Agency"). The Agency's expertise, diligence, and dedication to the State's objectives has resulted in Illinois serving as a national leader in renewable energy programs.

This comment letter will address the Agency's 2026 Long-Term Renewable Resource Procurement Plan ("LTRRPP"), with a focus on the following topics:

I. *Abandoned Contracts*

II. *Consumer Protection*

It should be noted that CSG supported the consumer protection provisions included in Amendment 006 of Senate Bill 40, which was filed during the 104th General Assembly. SB 40's consumer protection provisions sought to address many of the same issues that this comment round concerns, such as third-party financing risks and abandoned contracts. However, SB 40 did not pass into law. CSG's comments herein will focus on potential actions that can be implemented by the Agency with no legislative changes enacted.

I. ABANDONED CONTRACTS: CHAPTER 7 (Illinois Shines)

Topic 5: Support for Abandoned Contracts

Question #1. Is there value to the Agency developing solutions to manage this issue given this challenge is primarily between an Approved Vendor and their customers?

Abandoned contract challenges are likely to persist and even increase in scope as the Illinois Shines Program ("Program") continues to mature. This exigency is primarily due to the fact that, as the volume of mature projects increases, the mobility of the original homeowners/system owners increases as well. Preliminary research by CSG suggests that homeownership averages roughly 7 years per property. Considering that Small Distributed Generation ("DG") contracts extend into 15 years, property transfers on a 7-year average cadence indicates that a significant portion of REC contracts may be transferred at some point during the contract's lifetime. It should also then be conservatively assumed that a good portion of those contract transfers will result in contract abandonment.

An abandoned contract represents a critical REC delivery risk. If the original homeowner has been paid the full contract value upon energization, there is no Program incentive for a new homeowner to maintain the system and ensure corresponding REC delivery over the tail of the contract lifetime. Yet, while abandoned contracts have a direct and recurring impact on an Approved Vendor's ability to meet REC delivery obligations, abandoned contracts also represent a potential liability for that new homeowner. Without a clear resolution pathway, confusion may quickly ensue between Approved Vendors, new and old homeowners, and the Agency.

As such, there is a substantial value in the Agency developing programmatic solutions to address abandoned contracts. A programmatic response would help ensure consistency across vendors and improve overall consumer protection and program compliance. Overall, standardized recourse for abandoned contract scenarios would i) represent sound risk management for all participants in the Illinois Shines Program, ii) reduce administrative overhead, and iii) support REC delivery forecasting for Approved Vendors.

Question #2. What type of relief should be offered to Approved Vendors that face a situation of an abandoned contract?

Abandoned contracts represent financial losses to Approved Vendors through two means: i) the overt loss of REC revenue, and ii) the additional and unforeseen administrative burdens and costs associated with managing abandoned contracts. With these risks in mind, Approved Vendors should be offered proportionally appropriate relief that reflects both of these cost categories.

One important type of relief in this regard is post-execution contract relief. Allowing for post-execution modifications to ABP contracts, without financial penalty, could serve as an important means to address challenges such as contract abandonment and ownership transfers. Clear guardrails should be required for post-execution modifications, such as proof of property transfer, etc.

Question #3. What are preventative solutions to this issue that the IPA could implement?

A key challenge for an owner who inherited a system from a property transfer is that there may be no Program incentive revenue left for this new owner. In such a case, an owner could perceive mainly liability in the inheritance of a system. Added burdens of administration only further disincentivize system maintenance and operation (and thus REC delivery) for that new owner.

Therefore, reducing friction in the contract transfer process would likely contribute to a higher success rate in completed transfers. Streamlining transfers could include the introduction of a simplified, standardized contract transfer process during a property transaction or re-titling. By decreasing the administrative burden and complexity of system transfers, and folding that transfer into the larger transaction, a new system owner may be more likely to undertake the responsibility of system maintenance and operation.

Question 4. Are there other examples/events that should be considered an "abandoned contract"?

The Agency defines an "abandoned contract" as "a contract between a customer and their Approved Vendor that has been abandoned by the customer due to a change in ownership, possibly from moving homes." Fundamentally, this means that an "abandoned contract" is a contract associated with a system that no longer delivers on its REC obligation.

While residential property transfers are the most likely risk area for abandoned contracts—whether due to the insufficient or incomplete transfer by the original owner or through the new owner's inaction—several other scenarios would also technically result in an abandoned contract:

Foreclosure or bank-owned residential properties would likely result in a system being left inoperable or otherwise unclaimed.

Bankruptcy or business closures in commercial systems would likely result in a permanent loss of system operation.

Demolished or significantly altered homes where the system is removed or damaged beyond operation, whether that be due to human intervention, fire, flood, tornado, or other acts of God.

II. CONSUMER PROTECTION: CHAPTER 9

Topic 2: Implementing Program Requirements Related to Solar Loan Financing

Question 2: Should the Agency require solar financiers who sell financial products for solar projects which are intended to be submitted to Illinois Shines register with the Program?

Solar financiers represent a unique value as well as a unique risk profile when it comes to the Illinois Shines Program. The best means to recognize a financier's value and mitigate financier-associated risks would be to require financiers to register directly with the Program. Direct registration would also necessitate that financiers meet baseline qualifications and independently comply with Program requirements. Such a requirement would contribute significantly to Program integrity.

Question 5: Do any of the proposed Program requirements for solar financiers or AVs/Designees listed above raise challenges or concerns?

Approved Vendors and Designees should reasonably diligence any partners or third-party referrals. However, Approved Vendors and Designees lack the same resources and recourse as the Agency, particularly when it comes to enforcing or validating third-party financier behavior.

One key challenge in this regard is that Approved Vendors and Designees lack the contractual jurisdiction when it comes to enforcing third-party financier behavior. Approved Vendors and Designees typically do not have direct oversight or legal authority over third-party financiers. More so, a customer may enter into a third-party financing agreement outside of any referral made by an Approved Vendor or Designee.

Most third-party financiers operate independently, set their own underwriting and disbursement policies, and may not share full loan documentation with Approved Vendors or Designees due to privacy or regulatory limitations. In terms of the requisite data transparency necessary for enforcement, it would be very difficult-to-impossible for Approved Vendors and Designees to determine whether a financier is fully disclosing all terms or fees without direct access to the customer's complete loan file.

Thus, requiring Approved Vendors and Designees to enforce third-party financiers would likely result in an insufficient risk management strategy for the Program, as Approved Vendors and Designees lack the authorities, data, and recourse needed to ensure the integrity of third-party financing offers.

Topic 3: Stranded Projects When the Original Approved Vendor is Unable to Facilitate Assignments

Question 1: Should the Agency create a process to allow projects to be reassigned if the original Approved Vendor goes out of business and becomes entirely unresponsive and/or there is no person who can sign off on assignments on behalf of the Approved Vendor?

Yes. A formal reassignment process for stranded projects should be instituted for scenarios in which the original Approved Vendor is non-operational and/or unresponsive.

The current framework requires that the original Approved Vendor must offer consent for transfer. This creates a chicken-or-the-egg type problem in that if the original Approved Vendor is non-responsive or embattled in bankruptcy, it is unlikely that the Approved Vendor will be communicative and offer consent. As such, this framework traps eligible projects, thereby harming consumers, denying utilities due RECs, and undermining the State's renewable energy objectives. The result is a loss for all Program stakeholders.

An alternative framework could allow for project reassignment once the Program Administrator verifies that the previous Approved Vendor is no longer in business (e.g. formal proof of dissolution, bankruptcy, etc.) or the Approved Vendor has failed to respond within a defined period (e.g. 90 calendar days). Additionally, the system in question should be confirmed as operational and verified post-installation, and the customer must consent to the assignment of a new Approved Vendor.

To the extent online monitoring has become unavailable or paywalled upon the dissolution of the original Approved Vendor, another aspect of the project reassignment process could include the allowance of interim REC generation based upon production estimates. Such estimates would require a separate "proof of life," such as net metering data—in order to substantiate that the system is still active and producing.

Question 2: Should the Agency revise the REC Contract to allow for unilateral reassignment of batches in place of (or in combination with) termination of the REC Contract? What complications might arise from this approach? Would there be any downsides?

Yes. The Agency should allow for unilateral reassignment of batches in place when a contract is deemed at risk. Such an approach is necessary to address the growing number of cases in which Approved Vendors become defunct or unresponsive, leaving projects stranded and customers without recourse. Enabling the utility or Program Administrator to reassign projects ensures that otherwise viable systems remain on track to deliver RECs, supporting both program goals and consumer outcomes.

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

Respectfully Submitted,

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