

TOPIC 9: Federal Policy/Tariffs

Stakeholders have indicated to the Agency that evolving federal trade policy may affect developers participating in Illinois Shines. The Illinois Power Agency Act requires that Illinois Shines be generally designed to provide for the steady, predictable, and sustainable growth of new solar photovoltaic development in Illinois. Therefore, the Agency seeks to understand the extent of the impact in order to appropriately account for the effect of this evolving federal trade policy.

Questions

1. What have been the impacts of the tariffs recently announced by the federal government on business operations of Illinois Shines participants?

The Trump Administration has announced a multitude of tariffs with a variety of implementation dates with little to no advance notice to businesses. Additionally, many of these tariffs, namely the “reciprocal” tariffs against many nations that the Administration deemed to have an imbalanced trade relationship with the United States, have been changed and postponed. Broadly, these have raised known project costs and increased uncertainty in future project costs.

2. To what degree have tariffs directly or indirectly impacted business costs for projects participating in Illinois Shines? Please provide detail and/or data to support your response. If the detail or data provided in the response constitutes commercial and/or financial information which is proprietary, privileged, or confidential, and disclosure of the commercial or financial information would cause competitive harm to your business, please note these conditions in your response and the materials provided will be kept confidential by the Agency.

Catalyze contracts with Engineering, Procurement, and Construction (EPC) firms to build our projects. The rapidly changing federal tariff landscape has increased EPC costs. Additionally, quotes from EPC firms are subject to change or are set for short amounts of time.

3. When a tariff change occurs, how long does it take for those changes to be reflected in procurement processes, impacting project development and construction? Please explain and provide examples.

When a tariff change occurs, it takes as little as a few weeks for EPCs to incorporate the new tariffs into their prices. Catalyze and other companies procuring the services of

these firms see the impact to their projects on very short timelines. Catalyze is continually getting quotes from EPC firms across the country for our projects, and we have experienced this quick change in procurement prices.

4. Should the Program consider making changes to account for potential or existing tariff change effects on business operations and costs? If yes, please explain what changes to make, through which elements of the Program, and how such changes would support project development and pricing.

The program should consider increasing project costs in the CREST model to determine REC prices. Higher project costs result in higher incentives needed to overcome hurdle rates required to build projects.

Additionally, the 2025 federal budget bill passed by the House of Representatives, known as the One Big, Beautiful Bill, would essentially repeal the Investment Tax Credit for projects that begin construction as soon as late 2025. Catalyze believes the IPA should determine potential REC prices based on a 0% ITC and adjust the incentives accordingly if the bill passes with language repealing or sharply lowering the ITC.