Equity Solar Illinois – Feedback re:
LTP Chapter 7 (Illinois Sines)

Dear IPA,

Equity Solar Illinois ("ESI") respectfully submits this feedback regarding the IPA's May 19, 2025, request for stakeholder feedback ahead of the IPA's next Long-Term Plan ("LTP"). As an active developer of community solar and distributed generation projects under the Illinois Shines program, we have based these comments on our experience under the program to date.

ESI would like to note upfront that this IPA request for LTP feedback is happening in a very different policy and market context than was present twelve or even six months ago. The solar development and installation industry is now facing multiple headwinds at the federal level that will directly impact project applications submitted under the next LTP – including volatile trade tariffs, a potential 48E and 25D Investment Tax Credit ("ITC") phaseout, and ongoing supply chain disruptions. We respectfully ask the IPA to keep this context in mind when evaluating any proposals that would impose even more burden on Illinois Shine participants and projects. We speak more to this issue in response to Topic 9 (*Federal Policy/Tariffs*), below.

Topic 1: Defining Small and Emerging Business - For Possible Use in Advance of Capital, Collateral Refunds, and Minimum Batch Submission Size

No comment at this time.

Topic 2: Community-Driven Community Solar (CDCS) Developer Cap

As stated in the background section of this notice topics:

> In the draft 2024 Long-Term Plan, the Agency proposed a 20% developer cap for the CDCS category consistent with the developer cap process applied to the Traditional Community Solar and the EEC categories. The Agency received stakeholder feedback disfavoring the CDCS developer cap due to the limited capacity size of the category and ultimately did not implement the cap in the final 2024 Long Term Plan.

For the next LTP, ESI supports inclusion of a 20% developer cap for the CDCS category that is triggered when and if either Group A or B receives a capacity allocation that exceeds 30 MW in any given Program Year. Since the last LTP was approved, due to the sequence of the uncontracted-capacity waterfall, the annual capacity for the CDCS category appears to have increased significantly (nearly 3x) in size, from 11 to 34 MWs in Group A and from 25 to 57 MWs in Group B.

At the original block capacity, it did not make sense to have a developer cap, as that wouldn't even allow for a single full-size project in Ameren. However, now that block sizes are nearly 3X after the waterfall, it makes sense to implement a developer cap like every other major category has. That reduces the risk for new participants submitting applications by preventing the scenario where one or two developers sweep all capacity in the category.

Topic 3: Opt-in Batching for Community Solar Projects

No comment at this time.

Topic 4: ICC Memo Withhold and Editing Issues & Related Possible Solutions

No comment at this time.

Topic 5: Support for "Abandoned Contracts"

1. *Is there value to the Agency developing solutions to mange this issue given this challenge is primarily between an Approved Vendor and their customers? Please explain.*

   Yes. There is significant value in the Agency proactively developing solutions to manage customer-abandoned contracts, especially in cases where the Approved Vendor ("AV") has already posted REC collateral on behalf of the customer and is not at fault for the abandonment of the contract. This could be true of a DG project based at the customer site, as well as a CS project where the customer is a subscriber under contract. In short, if the contract was abandoned by the customer due to a cause completely outside the AV's control, the Agency should offer a solution that does not cause additional harm to the AV.

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

   In the case where a DG project is REC awarded and the customer (who is also the site host per program requirements) abandons the bilateral offtake agreement, there should be some relief for the AV that relied on the customer's earlier promise to participate. ESI encountered this specific issue in the past year, when the customer and site owner of a DG REC award prevented the project from moving forward due to an unexpected change in the customer's use plans for the project's site to an even higher-value activity.

   In that type of case, where the contract abandonment is outside the control of the AV, the IPA should allow for the return of the AV's REC collateral – otherwise the AV is essentially being financially punished for the DG customer having to abandon the project due to no fault of the AV.

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

ESI is not aware of any potential “preventative” solution at this time. Instead, we need a formal exception process (as suggested above) for the hopefully infrequent scenario where this happens.

4. *Are there other examples/events that should be considered an “abandoned contract”?*

Yes. We support CCSA’s feedback on the need to recognize that customer abandonment can also sometimes be an issue in the context of Community Solar (either Traditional or EEC) – and there should be relief (*i.e.*, a reasonable extension) to the Part II Application and quarterly REC reporting deadlines in the case of a large customer abandonment without reasonable advanced notice.

Topic 6: Barriers to the Public Schools Category

We agree with CCSA that the Public Schools category is underperforming relevant to other Illinois Shines programs, likely due to the IPA’s interpretation of the “installed on public schools land” language in statute as requiring ***direct ownership*** of the host site by the school district receiving the project’s bill credits. Unfortunately, this stringent requirement – which only applies to the Public Schools category – makes it much more difficult (if not impossible) for a school district to access program benefits, relative to other Illinois Shines categories (such as TCS, Large DG, Small DG, and EEC) which are also available for public school participation.

Under the current LTP, a public school can only move forward with an Illinois Shines application in the Public Schools category if it already owns spare land that just happens to be suitable for solar siting, interconnection, and permitting, and for which the school has no other use planned. But the vast majority of public schools do not own spare land meeting that description, as demonstrated by the very low participation in this project category to date.

So in practice, under the current LTP, a school district that wants to participate in this category would have to go out and purchase new land – which means taking on the risk, planning burden, and upfront capital expenditure necessary to locate and purchase one or more parcels of land suitable for solar development, permitting, and interconnection. But in our experience, public schools are rightly hesitant to take on a risky upfront capital expenditure outside of their core competency and mission of educating students. Especially given that the school district can simply participate another Illinois Shines project category instead.

To address this issue, the IPA should consider interpreting the statutory language as merely requiring a land contract between the public school and the site landowner. Under this approach, solar-suitable parcels across the utility territory could become available to host a Public School project if the school district enters into a land lease or lease option agreement (as opposed to merely a purchase agreement) with the site landowner. This approach would allow the school to lease the portion of the parcel for the duration necessary to support the solar project (as opposed to purchasing the entire parcel at a higher cost), and to pay for the lease over the term of the solar project as the customer's economic benefits from the project accrue. This approach would also effectively make the school landlord over the project developer (since the school is the party with primary site control), providing the public school an opportunity to negotiate regular access to the site, *e.g.*, to enable class learning, school field trips, and/or on-site research opportunities that may not be available to the public school under other Illinois Shines project categories.

Topic 7: Co-location Issues Observed

1. *What are potential reasons for dividing parcels or projects in the pre-development stage that the IPA should consider, beyond maximizing category-specific REC prices and avoiding project labor agreement requirements? Please explain.*

   For ESI's part, we see no reason to subdivide a parcel in the application pre-development stage, and we as a company have not done that.

2. *How can the Agency ensure that co-location determinations properly ensure that 1) REC prices are being consistently adjusted to the aggregate size of co-located projects, 2) interconnection queues are not clogged, and 3) ensure compliance with labor requirements for projects over 5MW?*

   The current co-location rules already prevent AVs from circumventing the rule or manipulating the REC prices by collocating two Illinois Shines projects above the size threshold. In other words, if there are issues pertaining to co-location in, it may simply be a matter of proper enforcement of the existing rules. That said, if the IPA really believes there is a flaw with the current co-location rule that allows bad actors to wrongly circumvent the rule or manipulate REC prices, they should provide more transparency to stakeholders so we can understand the basis of the IPA's concerns.

Topic 8: Advance of Capital – Barriers and Lack of Use

ESI provided feedback on this topic in response to Chapter 10, Topic 1: *Barriers to Advance of Capital Use.*

Topic 9: Federal Policy/Tariffs

We appreciate the IPA surveying stakeholders about the current market and environment in this way, because it is arguably the single most important consideration for the next LTP. To be frank, the solar development and installation industry is facing multiple new headwinds at the federal level that will directly impact project applications submitted under the next LTP – including ITC phaseout, trade tariffs, and supply chain disruptions.

For that reason, we suggest the next LTP should clarify and bolster the IPA's ability to adjust program REC prices upward if Congress passes legislation that phases out the 48E or 25D ITC so quickly it will impact projects awarded REC Contracts under the next LTP. The LTP should allow the IPA to do the same in response to any new trade tariff that increases the cost of materials and equipment.

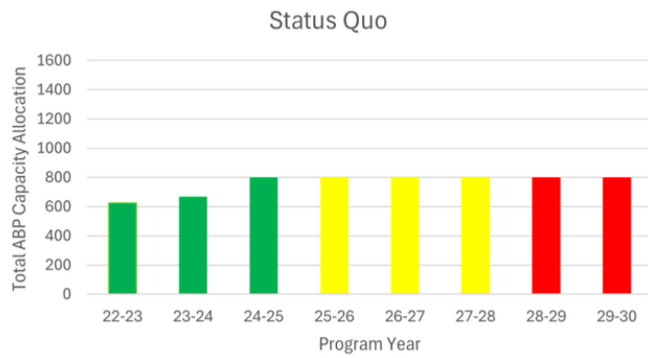
The LTP should also grant the IPA authority to accelerate allocation of out-year program capacity to earlier program years, if doing so would allow Illinois Shines to capture more of the federal ITC before it phases out. The benefit of this approach is illustrated in the two graphs shown below.

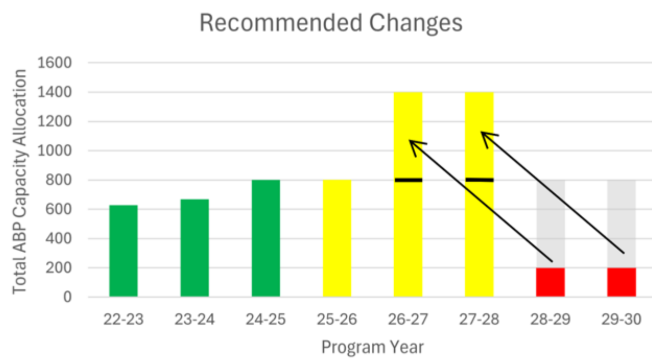
New Headwinds for Clean Energy

There is a concerted effort within the federal government to inhibit clean energy that will significantly harm the state's goals. We urge the IPA to do everything in its power to accelerate the deployment of clean energy assets. Projects in green should be mostly unharmed by this assault. Projects in yellow will be significantly stressed by tariffs and the sunsetting of the investment tax credit ("ITC"). Projects in the red will be very unlikely to move forward at all.

All we know for certain is this: today, projects pencil with current REC and ITC rates. If this assault threatens project viability, why should a shovel-ready project to sit on the waitlist? We recommend bringing 75% of the capacity (totaling 600 MWac) from Program Years 28-29 and 29-30 into 26-27 and 27-28.

Note: capacity for Program Years 28-29 and 29-30 is unknown, so we assumed it matched the previous two years for this example.





Finally, in light of the multiple headwinds we're facing at the federal level (ITC phaseout, trade tariffs, and supply chain disruptions) the IPA should also ***resist adding any more red tape*** or compliance costs or risks to projects developed under the next LTP. Stated differently, even if the IPA would otherwise feel justified in adding new requirements to the EEC, TCS, DG, or CDCS category requirements, it should decline to do so ('first, do no harm') knowing that program participants are already facing a torrent of uncertainty and headwinds at the national level.

Thank you for your consideration in this matter.