

This document provides stakeholder feedback for the Illinois Power Agency's 2026 Long-Term Renewable Resources Procurement Plan ("2026 LTP"), specifically addressing the underperformance and barriers associated with the Illinois Solar for All (ILSFA) Residential Solar Large (5+ Unit Multifamily) program.

Based on market engagement and experience deploying equitable solar solutions in the multifamily space, this submission outlines actionable ideas to improve uptake, ensure tenant benefits, and streamline execution in the ILSFA Multifamily program.

## Persistent Barriers in the 5+ Unit Multifamily Program

Despite ILSFA's success in supporting small residential and non-profit projects, the 5+ unit multifamily segment remains underutilized due to:

1. **Uncertain financial returns:** With the sunset of full retail net metering and potential reductions to federal tax incentives, many multifamily projects no longer meet internal financial hurdles or underwriting thresholds. Developers may walk away from otherwise qualified projects.
2. **High soft costs and project risk:** Each multifamily project requires customized designs, lengthy review periods, and intensive documentation—leading to higher project risk and reduced developer interest. Without predictable and scalable pathways, AVs may deprioritize multifamily participation.
3. **Lack of technical and administrative support:** Smaller property owners—particularly mission-aligned and nonprofit operators—often lack internal capacity or funding to pursue solar, despite being ideal ILSFA candidates. These owners frequently struggle to navigate the application process, leading to missed opportunities.
4. **Ambiguity in Application Structure for Direct-Metered Buildings:** Vendors are unsure whether multifamily buildings with multiple residential meters must submit separate applications for each meter or may submit one building-wide application with utility acknowledgement of multiple interconnection requests. Without clarification, vendors face the risk of having to prepare duplicative submissions for each meter, drastically increasing administrative costs and staff time. This bureaucratic burden threatens to disincentivize developers from pursuing large-scale projects that could deliver equitable energy access to hundreds of low-income renters. In short, this ambiguity creates a structural barrier that runs counter to ILSFA's intent to serve hard-to-reach communities at scale.

Without clarifying guidance, the multifamily program risks becoming inaccessible to the very stakeholders it seeks to serve. Small- and mid-sized AVs and developers cannot afford to navigate duplicative, unclear, or potentially conflicting processes. Clarifying the application structure will simplify submissions, reduce risk, and encourage the pursuit of complex but impactful multifamily solar projects.

## 10 Recommendations to Strengthen the Multifamily Program

## **1. Clarify Co-Location Policy for 5+ Properties**

**Need:** Developers lack clarity on whether co-located systems serving multiple tenants are allowed. This uncertainty deters projects designed to utilize a single system to serve multiple unaffiliated tenant meters.

**Proposal:** Officially clarify that co-location restrictions do not apply to 5+ unit systems serving unaffiliated tenants in a single building or campus.

**Rationale:** Ambiguity in co-location policy creates unnecessary burdens for developers seeking to serve multiple tenants with a shared system. Explicit clarification would provide sufficient direction and guidance to vendors on how a shared system serving multiple unaffiliated tenant meters will be treated.

## **2. Pilot Funding for Innovative Solutions**

**Need:** The current structure offers little room to test emerging solutions or tech. This limits program evolution and the ability to meet future compliance or design challenges.

**Proposal:** Allocate a portion of 5+ program funding toward pilot projects that test emerging technologies, streamlined procedures, or innovative models to deliver tenant benefits.

**Rationale:** Creating a carve-out for pilot funding can allow the IPA to evaluate high-potential solutions, reduce long-term costs, and evolve the program based on real-world results.

## **3. Adjust REC Pricing to Support 1–3 Year Payback Periods**

**Need:** Project returns do not currently meet typical return thresholds for building owners, especially now amid rising costs, high interest rates, and regulatory uncertainty. As a result, AVs find multifamily deals financially infeasible.

**Proposal:** Raise REC values for the 5+ program to enable financially viable projects within a 1–3 year simple payback window, which is needed to incentivize building owners to pursue solar on behalf of their tenants.

**Rationale:** Rising equipment and labor costs, paired with uncertainty around federal tax incentives and NEM rules, make current REC pricing insufficient to attract developers or investors. A targeted price adjustment would catalyze participation and align with ILSFA's equity and affordability goals.

## **4. Streamline Application Submission for Direct-Metered Properties**

**Need:** Currently, vendors must submit separate applications for each residential meter within a multifamily property. This creates excessive administrative burden, duplication of effort, and raises costs for vendors and program administrators alike. Vendors are unclear whether a single, building-wide application structure could be used to streamline this process.

**Proposal:** Develop a master application process for multifamily projects with direct-metered tenants, wherein one application submission may include shared documentation (e.g., site plans, single-line diagrams, permits) alongside a breakdown of individual meters.

**Rationale:** Reducing redundant paperwork and clarifying application structure would significantly lower barriers to entry for multifamily AVs, increase scalability, and ensure projects serving dozens or hundreds of tenants are not unduly disincentivized by administrative inefficiencies.

## **5. Expand Technical Assistance (TA) for 5+ Unit Properties**

**Need:** Mission-driven property building owners often lack internal staff and capacity to apply. This lack of capacity serves as a key barrier to participation in the multifamily program.

**Proposal:** Extend or mirror the IFA's \$500,000 grant program (currently limited to 1–4 unit properties) to include 5+ unit buildings. Include feasibility studies, energy audits, resident engagement, and application development as eligible uses of the grant.

**Rationale:** Smaller and nonprofit property owners often need technical and administrative support. Dedicated TA funding can unlock more eligible projects and ensure equitable program access.

## **6. Create a Shared Solar Allocation Certification Pathway**

**Need:** There is no formal mechanism to verify unit-level solar benefit allocation, which increases risk for developers and confusion for regulators. This uncertainty makes it difficult for developers to confidently meet compliance requirements, reducing program participation.

**Proposal:** Establish a compliance track that certifies when a solar system allocates energy and savings across multiple residential units in a verifiable, auditable way.

**Rationale:** This would reduce ambiguity around the 50% tenant benefit requirement, streamline approval processes, and encourage use of technology that transparently tracks energy use and allocation at the unit level.

## **7. Encourage Use of Solar Allocation Dashboards for Tenants**

**Need:** Tenants often do not understand how they benefit from solar installations. This leads to lower trust and participation.

**Proposal:** Encourage or reward the use of tenant-facing dashboards that show individual solar usage and savings.

**Rationale:** Enhancing transparency helps build trust, improves tenant engagement, and makes solar more tangible for participating residents.

## **8. Establish a Multifamily Program Advisory Braintrust**

**Need:** Many of the issues facing the multifamily program stem from a lack of direct, consistent engagement with market stakeholders.

**Proposal:** Convene a standing working group of building owners, tenants, developers, financiers, and AVs to co-develop refinements to the 5+ unit program design.

**Rationale:** Informed input and ongoing dialogue will help the ILSFA program refine guidance, troubleshoot implementation barriers, and stay attuned to changing market realities.

## **9. Incentivize Real-Time Benefit Monitoring**

**Need:** The Agency and developers lack automated tools for verifying tenant benefit. Manual tracking is costly and hard to audit.

**Proposal:** Offer REC or scoring bonuses for projects that implement continuous monitoring tools capable of tracking energy savings distribution to tenants.

**Rationale:** Verifiable, automated monitoring reduces administrative costs and enhances accountability—helping the Agency and the public better understand program outcomes.

## **10. Offer Pre-Approved System Design Templates**

**Need:** Custom system designs are time-consuming and increase soft costs and review timelines. AVs may avoid the multifamily program due to unpredictable review outcomes and associated cost overruns.

**Proposal:** Develop a library of pre-approved system configurations and benefit-sharing structures tailored for common multifamily building typologies.

**Rationale:** Similar to pre-certified building plans in energy efficiency programs, these templates would accelerate approval timelines, reduce developer costs, and improve program throughput.

## **Conclusion**

The 5+ Unit Multifamily program plays a critical role in extending solar access to low-income renters and addressing climate equity at scale. The recommendations presented here aim to remove friction points, lower costs, and provide clearer pathways for both AVs and building owners—ensuring that Illinois continues to lead in inclusive clean energy deployment.

We appreciate the opportunity to contribute to the 2026 Long-Term Plan and welcome further engagement.