

Stakeholder Feedback Request for the 2026 IPA Long-Term Plan Chapter 8: Illinois Solar for All

TOPIC 2: Residential Solar (Small) Sub-Program – No Cost Offers

Background

Section 8.2.2 of the Long-Term Plan states:

to create “tangible economic benefits” at a “reasonable” level, the Agency has determined that eligible residential participants in the Illinois Solar for All Program should not have to pay upfront costs for on-site distributed generation or pay an upfront fee to subscribe to community solar. Further, participation in the Program should result in immediate, reliable reductions in energy costs for those residents or subscribers. Consistent with the Commission’s Order in Docket No. 17-0838, for projects that are financed or leased, any ongoing annual payments must be no more than 50% of the energy value received by the customer.

The Illinois Solar for All savings requirement is designed to ensure ILSFA participants see savings on their electricity bill. However, the Residential Solar (Small) sub-program continues to face challenges in customer trust, complexity in savings calculations, and Approved Vendors’ ability to finance projects. While participation in the Residential Solar (Small) sub-program shows signs of improvement over the past two years, the sub-program has not met its full budgetary potential, and the Bright Neighborhoods Initiative proved to be unsuccessful in implementing alternative customer acquisition strategies. In an effort to improve customer understanding of the program opportunities, and increase both transparency and simplicity of the program, the Agency is considering proposing to change the savings requirement for the sub-program to require “no-cost” offers. By standardizing the sub-program to no-cost offers, the Agency hopes to increase customer understanding and trust of ILSFA and allow the Program Administrator to focus on increased marketing and communications related to the sub-program to be better aligned with its original legislative intent.

This change could also ameliorate the additional complexity caused by changes to net metering. The new compensation for residential and small commercial customers in ComEd, Ameren, and MidAmerican territories in 2025 has bifurcated the value of solar between onsite consumption (which can be valued at the full retail rate, since it offsets electricity that would otherwise be purchased from the utility at the full retail rate) and energy exported to the grid (which is valued at a supply-only rate). Additional utilization of utility DG and energy storage rebates also further complicates the determination of estimated participant savings. Upcoming low-income discount rates through default

service electric utilities may further increase the complexity of calculating savings from a significant reduction in the value of onsite consumption. Standardizing the Residential (Small) subprogram to no-cost offers is intended to simplify the value proposition to the customer. Through a no-cost offer, installing solar through ILSFA could create a reliable bill reduction that is easier for customers to understand, and the simplification could be harnessed with increased outreach by the Program Administrator and Grassroots Educators to explain and promote the benefits of the ILSFA offer presented by any Approved Vendor.

As such, the Agency is considering requiring offers in the Residential Solar (Small) subprogram be no-cost offers. For leased projects (including those leading to ownership) or PPA projects, this would mean a requirement for no ongoing payments. This requirement would replace the requirement that costs and fees are not more than 50% of the energy value received by the customer. Since a significant portion of the market participating in Residential Solar (Small) has already shown current incentives to be sufficient to provide no-cost offers, this proposed requirement intends to simplify the program for participant trust, to account for recent adjustments in the clean energy economy, and to better align with the subprogram's legislative intent.

Further, to provide a consistent Community Solar offer and alleviate challenges with utilization of new utility single-billing options, the Agency is also considering requiring no-cost offers for ILSFA Community Solar projects. Grassroots Educators and LIHEAP agencies participating in the Clean Energy Connector platform have explained that residents have mistrust of receiving separate bills for their community solar subscriptions, and Approved Vendors and participants have experienced challenges in utilizing single billing, seeing problems with confusing billing and delayed application of subscription credits.

The current Residential Solar (Small) REC model assumes no costs to the participants and the Community Solar model assumes a 50% savings level. If the Agency does move forward with proposing either of these proposals in the draft 2026 Long-Term Plan, further feedback will be requested at a later time on any refinements that would be needed for REC Price modeling.

Questions

4. Should the Residential Solar (Small) program be reconfigured to require all offers to be "no cost?"

- a. If so, what considerations are relevant for different financing models (i.e., no-cost leasing, participant ownership)? Should any adjustments to requirements be included for different financing models?
 - b. Are there any challenges or risks to this approach? Please explain.
- 5. In disallowing ongoing payments (i.e., monthly, quarterly, annual), what one-time fees, if any, should be allowed or prohibited?
- 6. Should no-cost offers be required for household subscribers in the Low-Income Community Solar sub-program?
 - a. Is a no cost ILSFA Community Solar offer an appropriate path to address concerns of participant trust and ease of participation, and negative experiences with current utility single billing?

Response Comments:

Q6. Without offering an opinion on the question, the Company cautions the Agency against drawing broad conclusions about the effectiveness of developers using the option to place subscription fees on the utility's bill to collect subscription fees and mandating any changes to this optional service. The Company's experience is the implementation of this optional functionality for most facilities has been uneventful. The Company is aware of some facilities who started relying on this option before the Company completed the successful testing of the remittance process to the developers' accounts. (The Company is working with the developers to implement a retroactive collection of fees for credits provided to their subscribers' accounts.) The Company is taking into account all the learnings from the initial implementation of this optional service to develop enhanced communications with developers regarding their application and approval to use the service, and with its own customer service staff regarding their understanding of the service and how it appears on subscribing customers' bills.

TOPIC 4: Collateral

Background

Illinois Solar for All currently follows the same collateral requirements and process as Illinois Shines. Section 8.2.1 of the Long-Term Plan highlights the relationship between Illinois Shines and ILSFA and specifically mentions that ILSFA will also require a collateral payment from Approved Vendors to ensure REC delivery requirements are met for the length of the REC Contract. The collateral requirements and process are explained in Section 7.12.2:

An Approved Vendor is required to post collateral equivalent to 5% of the total contract value within 30 business days of when each batch's contract (or product

order) is approved. As described in Section 7.10.5, if the collateral was provided in the form of a Letter of Credit, then the Approved Vendor may choose for the utility to withhold the collateral amount for each system from the last REC payment for the system (or only REC payment for small systems) in exchange for not needing to maintain the collateral in the form of the Letter of Credit.

Section 1-56(b)(2) of the IPA Act states that ILSFA shall be implemented in a manner that seeks to maximize efficiency by coordinating with similar initiatives, like Illinois Shines. As such, ILSFA has been implemented in a manner that almost mirrors Illinois Shines. Section 1-75(c)(1)(L)(v) states:

Each contract shall include provisions to ensure the delivery of the estimated quantity of renewable energy credits and ongoing collateral requirements and other provisions deemed appropriate by the Agency.

Given the language above, ILSFA has required collateral within 30 business days of when the product order is approved. However, previous iterations of the Long-Term Plan have allowed for collateral to be withheld from REC payment when an energized system was applying to the Program. In 2024 Long-Term Plan, the Agency determined this had an unintended consequence of encouraging some AVs to submit projects after energization to avoid collateral.

Section 1-56(b)(2) of the IPA Act also instructs that “The Agency shall make every effort to ensure that small and emerging businesses, particularly those located in low-income and environmental justice communities, are able to participate in the Illinois Solar for All Program.”

The current collateral requirement has proven to be a challenge for some Approved Vendors to satisfy. In particular, Small and Emerging Approved Vendors have voiced concerns that deducting the collateral requirement from the REC payment may have a measurable impact on cashflow, thus leading to more program success. In an attempt to enable more Small and Emerging Approved Vendors to participate in ILSFA and to increase participation in the Residential Solar (Small) sub-program, the IPA is considering proposing to deduct the 5% collateral requirement from the REC payment for Small and Emerging Approved Vendors and for Approved Vendors submitting projects to the Residential Solar (Small) sub-program.

Questions

11. Is there a concern that projects that are Part I approved without collateral will have less of an incentive to complete projects?

a. Could there be resulting risks to the participant or Program?

b. If there is a risk that there is less of an incentive to complete projects, are there alternative solutions that should be considered?

c. If there is a risk that there is less of an incentive to complete projects, are there additional requirements or conditions that could be coupled with the change to drive projects to completion?

12. Should the option for Small and Emerging Businesses to utilize a portion of their REC incentive payment as collateral for a project also be allowed in other sub-programs aside from Residential (Small), or capped at certain amounts per project or Approved Vendor? If so, please provide reasoned suggestions of a cap level.

Response Comments:

Q11: The risk to the Program is potentially exacerbated by the Advance of Capital participants. Again, with the lack of incentive to perform, not only is there a risk of loss of the project, but also to program funds that have already been provided to the participant.

TOPIC 8: Master-Metered Multifamily Buildings in the Community Solar Sub-Program

Background

In the 2024 Long-Term Plan, the IPA determined that master-metered buildings should not be allowed to subscribe as an income-eligible household at any building or subscription size. Section 8.5.5 of the 2024 Long-Term Plan states:

There are over 341,000 households that received LIHEAP in the 2022-23 Program Year who must manage their own energy burdens, and the current pipeline of available ILSFA Community Solar subscriptions that can be created annually is only in the thousands, several orders of magnitude smaller. The Agency believes that allowing master-metered accounts to subscribe in place of individual income-eligible households is contrary to the goals of the program and therefore master-metered buildings should not be allowed to subscribe as an income-eligible household at any building or subscription size beginning in the 2024-2025 Program Year

Currently, the Agency allows master-metered buildings to subscribe as an anchor tenant, with that portion of RECs valued at the Illinois Shines Community Driven Community Solar REC price, the same as any other anchor tenant, and as such, savings are not required to be passed on to residents. However, the Agency is aware that there is still a desire to allow master-metered buildings to participate in the Community Solar sub-program and for residents to see benefits through ILSFA. Distributed Generation is not realistic for all such buildings, and community solar subscriptions can provide an avenue for residents in those

buildings to benefit indirectly. The Agency maintains its stance that prioritizing individual household energy burdens is the primary goal of the ILSFA savings benefits, but it also seeks a path for participation of master-metered buildings. As a way of balancing the two objectives, the Agency is seeking stakeholder feedback on alternative ways master-metered buildings might be able to participate in the Community Solar sub-program.

The Agency is considering proposing to allow eligible master-metered multi-unit residences to participate as an anchor subscriber, but with an alternative anchor price based on the ILSFA Community Solar REC model, but adjusting the pricing to remove incentives covering customer acquisition. Anchor subscribers cannot comprise more than 40% of a project's capacity. The host building would need to pass along 50% savings to residents under the Program's existing Tangible Economic Benefits requirements, as described in Section 8.5.4.3 of the Long-Term Plan.

Questions

24. What are the benefits and challenges of allowing master-metered buildings to subscribe to a community solar project as anything other than an anchor tenant with the current anchor tenant REC price?
 - a. Is there an alternative way that master-metered residential buildings and their residents could access benefits through ILSFA Community Solar?
 - b. Should the Agency adopt an adjusted REC price for an eligible master-metered anchor tenant portion based on the ILSFA Community Solar REC price that takes into account the simplified acquisition costs?
25. How would a carveout within the Community Solar sub-program that is solely dedicated to community solar projects that serve master-metered buildings compare to the above option?
 - a. Are there advantages, or disadvantages, to pursuing a carveout within the Community Solar sub-program? Please explain.
 - b. What would be a reasonable carveout be to ensure the community solar project is primarily benefitting individual households?

Response Comments:

Q24. The Agency could make RECs available to Collectively Owned Generation Facilities. The current prohibition against extending RECs to COGF immediately makes them a less attractive generation option than community solar service for multi-resident properties. COGF are located closer to their respective load (indeed, on-site) than community solar facilities which is more consistent with one of Illinois' primary stated goals for distributed

generation. COGF effectively functions as a behind the meter (BTM) generation option, and other BTM are eligible for RECs from the Agency.

Q25. Submetering would not ensure the intended delivery of benefits, would inevitably lead to unregulated resale/redistribution of basic electric service and would be vigorously opposed for that reason by Ameren. Delivery of benefits to customers from the utilities (who provide the monetized credits to subscribing customers) requires an active electric service account with charges that can be offset by the credits. A master metering/submetering scheme would be an academic exercise with no assurance that the customer of record with the utility for the master meter would pass on any credits to tenants.

Despite the intended limitation to allocating community solar credits, any sanctioned submetering scheme would inevitably be used to allocate costs for the master metered electric service on an unregulated basis. PURPA and Part 410 of the Illinois Administrative Code make clear that any newly constructed building and any remodeled building must install individual utility metering for each living space and rental space. Not only does individual metering ensure appropriate allocation of community solar benefits, but it also provides tenants with the incentive to use electricity efficiently.

Finally, without the legal protections associated with receiving electric service as a customer of a regulated utility, there is simply no way to ensure that a landlord will pass on the benefits of community solar generation to individual tenants.

