

## TOPIC 3: Distributed Generation Sizing

### Background

The Agency recognizes growth in electrification incentives and efforts to promote the replacement of fossil fuel reliant technology with renewable energy reliant technology. Electrification may increase electricity consumption, thus creating demand for higher electric production to offset the increased demand. Federal incentives included in H.R. 5376 (known as the “Inflation Reduction Act” or “IRA”) such as electric vehicle, heat pump and other electric appliance purchases are initial steps toward widespread future electrification. At the same time, electrification incentives are still being finalized and are not yet widely available to Illinois income-eligible residents.

As a common industry best practice, the Agency believes that energy efficiency and electrification efforts should be done prior to development and installation of a distributed generation system so that the system can be properly sized to a customer’s actual usage, rather than an estimated usage that is guessing the additional electricity costs of equipment not yet installed or purchased. While there are industry standards for estimating the impact on a customer’s bill, in actuality there is a wide variance in the actual impacts due to a wide variety of contributing factors unique to each customer’s residence/building and the equipment that is used.

The Agency remains determined to ensure proper use of ILSFA program funding and finding a balance in the sizing of ILSFA projects that acknowledges the potential for future electrification, but is not oversized to a point where the customer is unable to utilize the credits generated from the system, which would be a waste of Program incentives that could be utilized with other eligible customers.

The Agency proposes setting sizing limits on projects based on the percentage of current electricity usage:

- **Residential (Small and Large) Solar:** 150 percent limit of recent 12 consecutive month usage<sup>1</sup>
- **Non-Profit and Public Facilities:** 110 percent limit of recent 12 consecutive month usage<sup>2</sup>

### Questions

#### 1. Should the proposed caps on the sizing of a Distributed Generation systems in the ILSFA program be higher or lower?

We believe the proposed caps are reasonable, but we would certainly argue that they should go no lower than 150 percent because some lifestyle upgrades (like electric vehicles or upgrading

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<sup>1</sup> Reasonable considerations will be made where customer does not have consecutive 12 months at current residence.

<sup>2</sup> Reasonable considerations will be made where customer does not have consecutive 12 months at current residence.

appliances) are commonly expected once a customer is able to have solar energy assisting with their finances.

2. To what extent should potential electrification efforts be considered in the calculation of Distributed Generation sizing caps? Are there any additional considerations the Agency should be aware of in its oversizing determinations?

We believe a 50% increase (up to 200%) would account for a majority of situations where someone's usage will be expected to grow with the normally anticipated upgrades listed above.

3. To what extent should specific electrification plans be in place for the customer to justify an oversized system? What timeline of electrification

Plans to purchase electric vehicles, electric appliances, hot water heaters, geothermal, etc. should be proven in some way with a record of invoice or quote from a reputable contractor/manufacturer/dealer.

4. Should the Agency allow for projects to be over the proposed limits on a case-by-case basis? If so, what requirements and/or proof should be required for projects that want to exceed the limit (i.e., written proof of plans and/or purchases of new or upgraded electrical systems)?

Yes, but in these instances, we believe an actual invoice/proof of purchase should be required (as opposed to allowing just a quote to suffice). We would not want a customer to be in a difficult position financially if they moved forward with purchasing a large number of upgrades in anticipation of being accepted into the ILSFA program, only to realize that we cannot assist due to the sizing caps. We do not advise customers to make these purchases prior to acceptance, but we cannot control what customers will choose to do in these cases.