Illinois Power Agency
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ILLINOIS POWER AGENCY

Stakeholder Feedback Request for the 2026 Long-Term Plan
Chapter 9: Consumer Protection
May 19, 2025

The Illinois Power Agency is soliciting feedback on various topics as the Agency develops the 2026 Long-Term Renewable Resources Procurement Plan. Stakeholders are invited to comment on as many of the following items as they would like and may provide comments beyond the scope of these specific questions. Responses will be published on the IPA website under the "Plans Under Development" section of the Procurement Plans page. A draft of the plan will be released for public comment by August 15, 2025.

Please note that the Illinois Power Agency is exploring many ideas and points of view as it considers how to improve its programs, procurements, and operations. The inclusion of an idea or question does not necessarily imply that the IPA intends to take a specific approach in the upcoming Long-Term Plan or otherwise.

How to Reply
Please provide comments via email attachment to IPA.ContactUs@Illinois.gov with the subject "[Responder's Name] – Chapter 9 LTP Feedback" by June 9, 2025.

Topics

1. Solar Restitution Program Vendor Caps and Funding
2. Implementing Program Requirements Related to Solar Loan Financing
3. Stranded Projects When the Original Approved Vendor Is Unable to Facilitate Assignments

TOPIC 1: Solar Restitution Program Vendor Caps and Funding

Background

When the Agency proposed the Solar Restitution Program in Section 9.9 of the 2024 Long-Term Plan, it took the conservative approach of including caps on restitution payments. The Agency was aware that the California Solar Energy System Restitution Program, funded by a one-time appropriation of $5 million, ran out of funding within about 2 years, and that this was in large part attributed to not having a cap on the amount of payments that could be made based on conduct of a single vendor (that is, much of the budget was exhausted by restitution payments related to just a few "bad actors"). The Agency's initial proposal therefore included both a per-project cap ($30,000) and a "vendor cap" ($200,000).

The Agency is now reconsidering the amount and application of the vendor cap. The Agency expects to reach the vendor cap in the case of at least two Approved Vendors in the first phase of the Restitution Program (which will be limited to restitution claims where the Approved Vendor promised to pass through a portion of the REC incentive payment to the customer, and the Approved Vendor received the payment from the utility, but did not make the pass-through to the customer). In the case of two Approved Vendors, the Agency expects that if most of the eligible customers file Phase I claims, that the proration may be such that each customer receives only

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roughly 10-15% of their promised REC incentive payment. This would also leave no money for claims against the Approved Vendor in later phases of the Solar Restitution Program for other types of harm.

The Agency is concerned that if the application of the vendor cap leads to customers receiving restitution payments that only compensate them for a relatively small fraction of the economic harm experienced (or no compensation at all), then the Solar Restitution Program may not meet its policy objectives. The Agency is therefore considering whether the vendor cap should be raised or potentially even eliminated. For background on funding, in the 2024 Long-Term Plan, the Agency established that it would use forfeited collateral from IPA solar programs and procurements as the initial funding source for the Solar Restitution Program. In September 2024, the Agency estimated that the total forfeited collateral from Illinois Shines projects was approximately $3 million, the total forfeited collateral from Illinois Solar for All projects was about $620,000, and the total forfeited collateral from utility-scale solar procurements administered by the Agency was approximately $12 million. The Agency's current estimate is that forfeited collateral from utility-scale solar procurements is over $19 million. Forfeited collateral is held by the utilities as part of the general Renewable Portfolio Standard funds, and is periodically replenished when additional collateral is forfeited.

The Agency is also interested in feedback on whether the per-project cap should be increased for Large Distributed Generation projects. For example, the total promised pass-through amount for Large Distributed Generation projects may be in the hundreds of thousands.

The Agency is also considering whether it should propose to include forfeited collateral from utility-scale wind procurements as a source of funding for the Solar Restitution Program. Forfeited collateral from IPA utility-scale wind procurements is approximately $5 million to date.

Finally, the Agency is considering what should happen if the pool of forfeited collateral is exhausted. In Section 9.9 of the 2024 Long-Term Plan, the Agency stated that "[t]he Agency plans to account for forfeited collateral from solar projects that fail to satisfy REC Contract requirements separately in the Renewable Resources Budget, and will use this money first to make restitution payments to customers," with a footnote explaining that "[t]he Agency is interested in exploring legislative opportunities for additional funding sources." The Agency seeks feedback on possible approaches if forfeited collateral runs out, which could include (1) tracking but not paying out any additional claims until additional collateral is forfeited, (2) using other money in the Renewable Portfolio Standard ("RPS") budget, and/or (3) exploring other funding sources.

Questions

1. Should the vendor cap for the Solar Restitution Program be retained at $200,000, raised to a higher level (and if so, to what dollar amount), or be eliminated entirely?
2. Should the per-project cap be increased for Large Distributed Generation projects? If so, to what amount?
3. Should forfeited collateral from utility-scale wind procurements be included as a source of funding for the Solar Restitution Program?
4. What approach (or combination of approaches) should the Agency take if the forfeited collateral runs out?

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TOPIC 2: Implementing Program Requirements Related to Solar Loan Financing

Background

In recent months, the Agency has become increasingly concerned about the impact of the solar loan financing industry on Illinois solar customers. Although solar financing is an important tool that can make solar more affordable, the ways in which solar loan products are marketed and sold have the potential to lead to deceptive, confusing, or otherwise problematic financial practices. For example, some solar financiers appear to work with solar vendors to sell solar projects and loans in a package deal. In this situation, customers may not be aware that the solar loan and the solar project are separate products and that they have the option to finance their solar project through a different financier. In addition, some solar financiers may charge dealer fees (or "seller's points") to solar vendors, which allow the vendor to offer a particular set of loan terms. The solar vendor may roll those fees into the total cost of the project as presented to the customer, without disclosing the inclusion of these fees. Further, some solar loan products may contain confusing terms and/or promotional offers that can result in large financial penalties if the customer does not understand and follow the terms of the agreement or offer. Finally, the Agency is aware that some financiers may be disbursing the loan money directly to the installer in such a way that is confusing to customers and may lead to additional consumer protection concerns. For example, if the solar installer receives the loan money and then goes out of business before completing the installation (or there are issues with the project not working properly), the customer may be forced to make loan payments for a system that is not generating power or financial benefit.

Given these concerns, the Agency is considering implementing requirements related to solar financing in the 2026 Long Term Plan and is seeking stakeholder feedback regarding best practices for doing so. In particular, the Agency would like to institute requirements for financing entities and solar vendors that participate in Illinois Shines[1] to maintain a high level of transparency when marketing and selling to customers so that customers fully understand what financing product they are purchasing, including the terms of the financing agreement.

First, the Agency seeks stakeholder feedback about the mechanism for implementing requirements related to solar financing. Under current Program requirements, any entity that receives a financial benefit from Illinois Shines by contracting with utilities to sell RECs from solar projects must register as an Approved Vendor (AV). AVs must comply with the Agency's consumer protection requirements contained in the Consumer Protection Handbook, contract requirements, and all other requirements contained in the Program Guidebook. Similarly, any entity that has direct interaction with end-use customers on behalf of an Approved Vendor (or on behalf of a Designee) must also register with the relevant Program as a Designee (or Nested Designee), even if the entity does not receive any portion of the REC incentive payment from Program participation. Designees are also required to comply with all relevant Program requirements.

[1] The Illinois Solar for All program has mandatory savings requirements, and Approved Vendors are required to ensure that any loan costs are consistent with those savings requirements, making concerns about predatory loans less acute. As a result, the Agency anticipates that requirements related to solar financing will be limited to the Illinois Shines program.

The Agency anticipates that some requirements related to loan financing could be placed directly on AVs and/or Designees. For example, AVs and Designees could be required to include certain disclaimers about loan financing in marketing materials and in solar installation contracts. However, it may make sense to place other requirements, such as transparency requirements for loan terms and promotional offers, on the loan financiers themselves. In order to monitor compliance and enforce requirements on financiers, the Agency would need to require loan financiers to register with the Program. Given the scope of the Agency's authority, registration requirements for loan financiers would be limited to financiers who provide loans for solar projects that are intended to be applied to the Illinois Shines program. Requirements could be further narrowed to only apply to financiers when the solar sales agent presents the financing product as part of a "package" deal.

Next, the Agency seeks stakeholder feedback related to the kinds of requirements that the Agency should impose on solar financiers, AVs, and/or Designees.

Assuming the Agency requires solar loan financiers to register directly with the Program, some requirements for loan financiers could include:

- Requiring solar financiers to provide customers with a Disclosure Form that the Agency would develop specifically for financiers;
- Prohibiting solar financiers from charging solar vendors any kind of dealer fee (or "seller's points") for the ability to offer lower interest rates on a project;
    - Alternatively, the Agency could prohibit dealer fees or seller's points above a certain percentage of the project cost;
- Requiring solar financiers to disclose to customers whether they received a dealer fee, seller's points, or other financial incentive from the customer's solar vendor;
- Requiring solar financiers to disclose that customers may "shop around" and look for financing from another financing entity;
- Requiring solar financiers to provide the exact date (day, month, year) at which a promotional offer expires and/or the exact date at which a customer must take certain action(s) to take advantage of the promotional offer;
- Requiring solar financiers to include a disclaimer that not all customers are eligible for the federal investment tax credit (FITC) and that certain promotional offers may depend on the customer's ability to receive the FITC;
- Requiring solar financiers to conduct additional due diligence related to a customer's agreement to the loan and ability to pay off the loan before approving a solar loan;
- Requiring solar financiers to get explicit customer approval before disbursing loan funds to a third-party, such as the solar vendor; and
- Requiring that repayment of the loan (regardless of the timing of the disbursement) not begin until the solar project is operational.

The Agency is further considering how it will monitor whether financiers are adhering to the requirements placed on them. One potential solution would be to require financiers to submit the loan documents for a particular project to the Program Administrator as part of the project's application to the Program. The Program Administrator would then conduct audits of the loan

documents, similar to how it conducts audits related to other requirements in the Program. However, a prohibition on charging a dealer fee or "seller's points" may be particularly difficult to monitor and enforce because it may not be clear how much the solar vendor would charge for the project without any dealer fee or seller's points (the "cash price"). As a result, the Agency is considering requiring that solar vendors disclose the cash price of solar projects to customers (see below). The Agency could also require that solar financiers submit an affidavit confirming that they are not charging dealer's fees or seller's points.

Lastly, the Agency is considering requiring Approved Vendors to assume responsibility for ensuring that the solar loan financiers with whom they work comply with Program requirements. This requirement would mirror the current requirement that AVs are responsible for ensuring that Designees register with the Program and comply with all Program requirements.

Regardless of whether the Agency requires solar financiers to register directly with the Program, the Agency is also considering placing requirements on AVs and/or Designees that increase financing transparency for customers. Such requirements could include:

- Requiring AVs and Designees to include the cash price of the solar installation (the price the vendor would offer if the customer did not finance the project) in marketing materials, any solar project proposal offered to the customer, the Disclosure Form, and/or the solar installation contract;
- Requiring AVs and Designees to include the amount paid, if any, by the solar vendor to a loan financier in dealer fees or seller's points for the ability to offer certain loan terms; and
- Requiring AVs and Designees that offer package loan deals to customers to provide a disclaimer that customers may obtain a loan for their project from other financing entities.

Questions:

1. In addition to the concerns described above, are there other consumer protection concerns related to solar financing of which the Agency should be aware?
2. Should the Agency require solar financiers who sell financial products for solar projects which are intended to be submitted to Illinois Shines register with the Program?
3. If the Agency requires financiers to register with the Program, should solar financiers be required to complete an application process similar to the application (see Appendix G of the Program Guidebook) that prospective Approved Vendors must complete? Is there any additional information that the Agency should collect in the application process to promote prospective solar financier compliance with Program requirements and safeguard consumer interests?
4. If the Agency requires financiers to register with the Program, are there other ideas for how the Agency can monitor and enforce Program requirements for solar financiers?
5. Do any of the proposed Program requirements for solar financiers or AVs/Designees listed above raise challenges or concerns?
6. Are there additional Program requirements for solar financiers or AVs/Designees that the Agency should consider?

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TOPIC 3: Stranded Projects When the Original Approved Vendor Is Unable to Facilitate Assignments

Background

As identified in the 2024 Long-Term Plan, the issue of "stranded customers" is an ongoing (and potentially increasing) concern in the Illinois Shines DG categories. While it has not been a significant issue in Illinois Solar for All, it may arise there as well. Customers are most frequently stranded when a company goes out of business, which may include voluntary or involuntary bankruptcy. When a customer is stranded by its Approved Vendor, the best path forward is often assignment of the solar project to a new Approved Vendor. (This is the basis for the creation of the stranded customer REC adder, which encourages Approved Vendors to take on stranded projects.) One complication, however, is that the current REC Contract requires the original Approved Vendor to sign off on the reassignment. If a company goes out of business, there may not be any person left to make decisions or sign legal documents on behalf of the company. In this situation, the solar projects are essentially "stuck" with the original (out of business) Approved Vendor, and there is no path forward that would allow for reassignment to a new Approved Vendor. The Agency is considering whether the Agency should create a procedure to allow for reassignment of projects if the original Approved Vendor goes out of business and is entirely nonresponsive and/or there is no person left who can execute agreements on behalf of the entity.

If an Approved Vendor goes out of business and has solar projects that are not reassigned, that Approved Vendor will likely eventually default on its REC Contract with the utility (for example, by not filing required reports). The utility may then issue a notice of default and may ultimately terminate the REC Contract. The Agency is considering a possible amendment to the REC Contract that would allow for unilateral reassignment of project batches by the utility in place of termination, or in combination with termination. In other words, the utility would notify the original Approved Vendor of the default, but then instead of the utility unilaterally terminating the Contract, the utility would have the option to unilaterally reassign batches or the entire Contract to a new Approved Vendor or multiple Approved Vendors (with the consent of the new Approved Vendor(s)). This approach could also allow for rebatching of projects before assignment. If any batches were left that were not assigned, only those would be terminated by the Contract termination.

The Agency is also considering whether, in the event that the utility terminates an Approved Vendor's REC Contract, the projects that were subject to the REC Contract should be permitted to reapply to the Program and, if so, what process, limitations, and requirements should apply. These projects would no longer be under contract, and the utilities would have no right to the RECs generated by them, absent reapplication and reapproval. In this way, they are equivalent to new projects. However, reapplication could be seen as "double dipping," especially if the utility is unable to claw back the original REC incentive payments. The Agency seeks an approach that is reasonable, fair, and administratively workable.

Questions

1. Should the Agency create a process to allow projects to be reassigned if the original Approved Vendor goes out of business and becomes entirely unresponsive and/or there is no person who can sign off on assignments on behalf of the Approved Vendor?
2. Should the Agency revise the REC Contract to allow for unilateral reassignment of batches in place of (or in combination with) termination of the REC Contract? What complications might arise from this approach? Would there be any downsides?
3. If a REC Contract is terminated by the utility, should the Agency allow projects that were subject to that REC Contract reapply to the Program? Should this depend on whether there is an option for batches to be unilaterally reassigned instead of terminated? If reapplication is allowed, what process should be followed? What limitations and/or requirements should apply? Should the new Approved Vendor be required to pay an application fee and collateral for the project?