To: Illinois Power Agency
From: Juliana Pino & Participants in the Illinois Solar for All Working Group
Date: 07/22/2019
Re: Illinois Solar for All Working Group Response to 2019 Long-Term Renewable Resources Procurement Plan Update July 3, 2019 Request for Comments

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Dear Illinois Power Agency & Program Administration Team:

The Illinois Solar for All Working Group is pleased to deliver the enclosed comments on in response to the Illinois Power Agency's 2019 Long-Term Renewable Resources Procurement Plan Update July 3, 2019 Request for Comments. This memo describes an overview of the Illinois Solar for All Working Group.

<u>Background: Illinois Solar for All Working Group</u>

The Illinois Solar for All Working Group (the Working Group) formed from a subset of members of the Illinois Clean Jobs Coalition, who had comprised an Environmental Justice-Solar-Labor Caucus (the Caucus) during the negotiation of policies that would become the Future Energy Jobs Act (FEJA). The group formed in order to bring the best practices and policies to the Illinois energy landscape that would serve to maximize benefits to the economically disadvantaged households and communities that targeted programs are intended to serve. The group was co-facilitated by a representative of a solar company, Amy Heart of Sunrun, and a representative of an environmental justice group, Juliana Pino of the Little Village Environmental Justice Organization. Following passage of FEJA in December 2016, the Caucus expanded into the Illinois Solar for All Working Group, an open membership group including experts on environmental justice, environmental advocacy, consumer protection, solar business, low-income solar policy, energy efficiency, job training, program design, and other areas, who have substantive research and experience to bring to bear on implementation of Illinois Solar for All. Currently, the Illinois Solar for All Working Group is co-facilitated by Juliana Pino of Little Village Environmental Justice Organization and MeLena Hessel of Environmental Law and Policy Center. Over 75 participants include representatives from the following organizations and others:

Blacks in Green	Natural Resources Defense Council
Central Road Energy LLC	New Life Ministries of Danville
Certasun	Prairie Rivers Network
Environmental Law and Policy Center	Seven Generations Ahead
Futurez NFP, Incorporated	Southeast Environmental Task Force
Illinois People's Action	Southeast Side Coalition to Ban Petcoke
Little Village Environmental Justice Organization	Trajectory Energy Partners
Metanoia Centers	Union of Concerned Scientists

Working Group Process

The Working Group began convening in January 2017, and has had monthly full-group meetings until the present time. In tandem, the Working Group operates with sub-teams that focus on specific areas relevant to the policies at hand and future work on the program. These sub-teams include: Program Administration & Evaluation, Consumer Protection & Financing, Education & Engagement, Job Training, and Project Workshop. Each sub-team was facilitated by leads and co-leads and meets between monthly full-group meetings with frequency depending on the time of year.

Working Group Commenting and Engagement History for IL Solar for All

- A draft White Paper was delivered to the IPA on May 5, 2017.
- Many Working Group participants attended IPA's May 2017 workshops and helped develop responses to IPA's June 6, 2017 Request for Comments on the Long-Term Renewable Resources Procurement Plan.[1]
- A final White Paper was published on July 11, 2017 on lowincomesolar.org.[2]
- The Working Group also submitted a response to the Draft Long-Term Renewable Resources Procurement Plan on November 13, 2017.[3]
- Additionally, the group has engaged in stakeholder sessions and submitted comments on:
    - Community Solar Consumer Protection & Marketing Guidelines Draft Documents and Illinois Adjustable Block Program Draft Guidebook to InClime on December 10, 2018;
    - Grassroots Education and Approved Vendor components on January 9, 2019;
    - Environmental Justice provisions on January 30, 2019;
    - Job Training provisions and Third-Party Evaluation provisions on February 7, 2019;
    - Project and Participant Eligibility and Verification Processes on March 13, 2019;
    - the Low-Income Community Solar REC contract on April 2, 2019;
    - Project Selection on April 15, 2019;
    - and Consumer Protection on April 19, 2019.
- Many Working Group participants also attended IPA's June 2019 workshops and helped develop the enclosed responses to IPA's July 3, 2019 Request for Comments on the Long-Term Plan Update.

Program Principles for Illinois Solar for All

During the negotiation of FEJA, the Caucus membership collectively agreed upon the following policy principles to guide our work moving forward. These principles were rooted in the *Low-Income Solar Policy Guide*[4] authored by GRID Alternatives, Vote Solar, and the Center for Social Inclusion; further adapted through iterative deliberations in the Caucus; and ultimately adopted by the Working Group. The principles include:

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[1] https://www.illinois.gov/sites/ipa/Documents/ILSfA-Working-Group-Response-RequestforComments.pdf

[2] http://www.lowincomesolar.org/wp-content/uploads/2017/07/20170711-ILSfA-Working-Group-White-Paper_Final_wAppendices.pdf

[3] https://www2.illinois.gov/sites/ipa/Documents/2018ProcurementPlan/2018-LTRenewable-Illinois-Solar-for-All-Working-Group-Comments.pdf

[4] www.lowincomesolar.org

• **Affordability and Accessibility**. Offers opportunities for low-income residents to invest in solar through a combination of cost savings and support to overcome financial and access challenges Creates economic opportunities through a job training pipeline. Supports skill development for family-supporting jobs, including national certification and apprenticeship programs.

• **Community Engagement**. Recognizes community partnerships are key to development and implementation, ensuring community needs and challenges are addressed. Strive to maximize projects located in, and serving, environmental justice (EJ) communities. Allows for flexibility for non-profit/volunteer models to participate, and strives to meet potential trainees where they are, with community-led trainings.

• **Sustainability and Flexibility**. Encourages long-term market development and will be flexible to best serve the unique low-income market segment over time and as conditions change. Program administrator ensures community engagement, statewide geographic equity, and flexibility to meet goals. Job training program includes all training partners in design and implementation. Training offerings should come through diverse channels including utilities, unions, tech schools, non-profits, government agencies, and existing community-based job training organizations.

• **Compatibility and Integration.** Low-income program adds to, and integrates with, existing renewable energy and energy efficiency programs, and supports piloting of financing tools such as PAYS (pay-as-you-save), on-bill financing, PACE or community-led group buy programs. Jobs training programs will strive to ensure low-income solar installations incorporate workforce development, including coordinating opportunities for job training partners and individual trainees from the same communities that the low-income solar program aims to serve.

The Working Group researched and prepared the enclosed comments to deliver high quality information and recommendations on considerations for the Illinois Solar for All Program and the Long-Term Renewable Resources Procurement Plan. The contents are not intended to reflect universal consensus on any point amongst working group members. These contents reflect extensive deliberation regarding aspects that the Working Group believes are important to the Program's success moving forward.

In closing, we make these recommendations and comments to ensure high-quality implementation for Illinois communities. Communities throughout Illinois need the opportunities and services the Illinois Solar for All Program will provide and the support of groups with substantive experience in the solar industry and low-income solar in particular. Please do not hesitate to contact us with questions or comments in regards to this matter.

Illinois Solar for All Working Group Response
2019 Long-Term Renewable Resources Procurement Plan Update
July 3, 2019 Request for Comments

The Illinois Solar For All Working Group ("Working Group") appreciates the opportunity to provide comments as the Illinois Power Agency prepares its update to the Long-Term Renewable Resources Procurement Plan ("LTRRPP"). The Agency and its third-party administrators have demonstrated thoughtful work both on implementing the plan and through project administration to ensure consumers, producers, and community members all benefit from expansion of the solar energy landscape in Illinois.

Made possible by the Future Energy Jobs Act ("FEJA"), the Illinois Solar for All program ("ILSFA") and the Adjustable Block Program ("ABP") launched earlier this year and are in their initial stages of operation. Given the recently established nature of the programs, the Working Group recognizes that LTRRPP updates will necessarily involve continuous review processes and revisions based on different future scenarios to fully capture the clean and equitable energy goals set forth under FEJA.

Accordingly, we submit the following comments which focus on setting and implementing the right framework for the state's renewable energy efforts and that underscore the commitment to consider and effectively engage low-income and environmental justice communities.

<u>Funding Levels</u>

The Working Group feels strongly that the initial Plan's allocation of $20 million per year from the Renewable Energy Resources Fund (RERF) is an appropriate level to balance the complex, necessary outcomes this program is designed to produce. We support the maintenance of this level of RERF funding in the next LTRRPP. The longevity of funding is crucial to building relationships and ensuring strong, reliable consumer protection for the sub-programs and is particularly important for distributed generation projects that best meet the spirit of the program by building meaningful community and customer engagement, which needs to be developed over time. Maintaining funding at the current level from the RERF would increase the chances that a high quality project that has taken multiple years to organize around and engage community in meaningful decision-making will have a chance of accessing funds a few years after the beginning of the program now. Additionally, a number of potential clients in the distributed generation sub-program will likely need to access basic repairs to their homes before being able to initiate construction of a project — more time would allow for those potential customers more program access by allowing more time to make repairs. Furthermore, especially as the grassroots education provisions of the program have not yet fully launched, it is premature to adjust funding levels given it will take time for Illinois communities to become aware of the program and potentially access program resources. Businesses and potential businesses that plan to access incentives through IL Solar for All program, but may face structural barriers due to being from the communities the program is designed to serve, be it low-income neighborhoods, environmental justice communities, or others, would also be served by a consistent program allocation that would not spend the RERF portion of the budget too rapidly up front. Essentially, such a scenario would prioritize businesses that are already ready to go and may not leave appropriate room for new, small, community-focused entrants or entrants originating from these communities in the program.

If the annual program funding level from the RERF is to expanded over the existing $20 million allocation, the Working Group also strongly suggests that any overage be allocated to ensuring the IL Solar for All focus on funding community solar projects in urban low-income and environmental justice communities that the general market results have excluded, especially in light of the results of the general market program's first procurement for community solar that produced only one project in Cook County and no projects in the City of Chicago.

Additionally, if legislation is passed that would change statutory funding processes for the IL Solar for All program during the 2020-2021 plan process or after the plan is finalized, the Working Group strongly suggests that the Illinois Power Agency reopen the plan and engage stakeholders to account for changes and impacts from any new law.

Tangible Economic Benefits

Ensuring low-income and environmental justice program participants receive tangible economic benefits from their participation is a fundamental goal of the Solar for All Program. The Working Group appreciates the attention the IPA and its program administrators have already put toward this goal and offer the following specific recommendations for strengthening ILSFA program outcomes related to tangible economic benefit:

(1) Net metering in multifamily buildings. The Net Electricity Metering section of the Public Utilities Act (220 ILCS 5/16-107.5) clearly distinguishes between shared solar facilities for the residents of a single apartment building and community renewable generation projects. Subsection (l) of that section *separately lists* community renewable facilities and individual units served by an on-site solar facility as two of three types of shared renewables projects electricity providers must allow net metering for:

> *(l)(1) Notwithstanding the definition of "eligible customer" in item (ii) of subsection (b) of this Section, each electricity provider shall allow net metering as set forth in this subsection (l) and for the following projects:*
>
> > *(A) properties owned or leased by multiple customers that contribute to the operation of an eligible renewable electrical generating facility through an ownership or leasehold interest of at least 200 watts in such facility, such as a community-owned wind project, a community-owned biomass project, a community-owned solar project, or a community methane digester processing livestock waste from multiple sources, provided that the facility is also located within the utility's service territory;*
> > *(B) individual units, apartments, or properties located in a single building that are owned or leased by multiple customers and collectively served by a common eligible renewable electrical generating facility, such as an office or apartment*

building, a shopping center or strip mall served by photovoltaic panels on the roof; and
(C) subscriptions to community renewable generation projects.

Yet, through a quirk of how the utility net metering tariffs were set up, net metering for multi-family buildings works as if those projects *are* community renewable generation projects. This means that residents of multi-family buildings that are not master-metered cannot receive the same net metering value as their neighbors in single-family buildings. Those multi-family residents are not entitled to net meter the distribution side of their electric bill, while the neighbors in single family homes are.

This situation creates a real challenge for passing on tangible economic benefits to low-income and environmental justice participants through the Illinois Solar for All program. Low-income and environmental justice community members are *more likely* to live in multi-family housing than their non-low-income, non-environmental justices counterparts. The net metering tariffs, in effect albeit not intent, result in multi-family residents, and to a greater degree low-income and environmental justice community members, receiving less economic benefit by adopting solar than their neighbors. This situation is not only unfair, it exacerbates existing inequities and undermines the Illinois Solar for All Program goals.

One way to address this issue could be for the Agency to assign higher REC values to IL Solar for All projects in multi-family buildings. However the Working Group views this as a far from optimal solution. Revenue from REC sales generally flow to a business in the solar development milieu while net metering credits flow directly to customers. Passing REC value from solar-related businesses onto customers is far from impossible, but it likely involves some transaction cost and would be difficult to police/control. Furthermore, with an already-limited Solar for All program budget, the Working Group is loathe to recommend a solution that would in effect ratchet down solar deployment and related economic benefit for low-income communities. However, most importantly this issue is entirely resolvable without resorting to higher REC values.

The net metering for multi-family buildings was enabled alongside net metering for community solar projects and the utilities, understandably, sought approval for net metering for both through the same tariff proceeding and using the same mechanisms. Attention in those proceedings from all participants was heavily weighted toward community solar projects. However unlike community solar projects, net metering customers at multi-family buildings are not limited by law to energy only netting, and there is no reason they should be treated like community solar projects when they are not (and good reason not to, as doing so exacerbates inequities). Changes could be made to the utility tariffs to treat net metering customers at multi-family buildings fairly and to level the playing field with single-family net metering customers.

Therefore the Illinois Solar for All Working Group recommends that the Illinois Power Agency convene a conversation with stakeholders from the utilities, Working Group members, Solar for

All developers, the Solar for All Program Administrator, and other stakeholders with a strong interest in the topic to discuss needed changes to the net metering tariff to ensure equity in the tangible economic benefits that flow to customers in multi-family buildings, and particularly those customers in low-income and environmental justice communities.

(2) **Treatment of fees.** The Working Group remains concerned about the application of the initially proposed demonstration of compliance with the minimum 50% savings requirement. During the stakeholder session about the Illinois Solar for All provisions of the LTRRPP, the question of charging customers fees came up in the context of passing on tangible economic benefits. In keeping with the stated intent of the law that there be no up-front payment or up-front subscription fees, we strongly support the current program's policy believe that payments to be made by participants (i.e., recipients of DG systems or low income subscribers) cannot be requested until the benefit (i.e., the energy) is received. Any other method of charging a customer is, by definition, an up-front fee.

The Working Group recommends that the Administrator track the use of fees by Approved Vendors and utilize research from comparable low-income solar programs in other states to determine the appropriateness of fee levels. In general, however, the Working Group notes that any charge for the program can be a barrier to entry for low-income families, and in an ideal scenario, there would be no fees to customers over time. The Working Group strongly recommends that Approved Vendors be encouraged to limit costs to customers as much as possible. We advocate for more favorable treatment in the project selection process (e.g., awarding points) to those projects that exceed the minimum ILSFA standards for the value passed to participants.

(3) **Calculation of tangible economic benefit.** We support the Administrator's efforts to identify means beyond individual net metering to pass Illinois Solar for All value directly to participants and would support an emphasis on this inclusion in the LTRRPP. The Working Group has been particularly pleased to see the Administrator acknowledge reduced and stabilized rents as one such mechanism. These considerations are key in enabling the participation of residents of multi-family affordable housing, and the Working Group would be deeply concerned to see those criteria removed from program guidelines due to concerns about how the calculation of tangible economic benefits are calculated.

We are also concerned that the Agency has not fully addressed the many intricacies of electrical rates. As specified in the Approved Vendor manual, energy rates for calculating the 50% savings is determined by using either a fixed rate, referred to as the "average statewide retail residential rate" of $0.1248 per kilowatt hour, or a calculated rate based on the past 12 months of utility bills from the participant. The calculated rate uses a "recent bills" methodology and is required for calculating the savings for nonprofit/public facilities and is an option for DG.

The Approved Vendor manual states that:

> "The recent bills methodology includes totaling Supply, Transmission, and Delivery volumetric charges for the 12-month period and dividing by the number of kilowatt hours used during that period (i.e., factoring in all but taxes and fees)."

However, the taxes and many of the fees are usage dependent and will be offset with net metering credits. This can result in as much as a 15% difference (or just under $0.015) between the expected offset rate and the rate calculated using the "recent bills" methodology. This could be the difference between a project moving forward and a project being abandoned.

When we discussed this issue with ComEd, they provided us the following table with the line items from a customer's bill and whether or not they include those charges in their net metering calculations.

NM Type - NM1 - Rate BES	**Interval Level Netting**	**Credit (kWh) for Outflow**
Supply		
Electricity Supply Charge	Yes	Yes
Transmission Service Charge	Yes	Yes
Purchased Electricity Adjustment	Yes	Yes
Delivery		
Customer Charge	No	No
Standard Metering Charge	No	No
Distribution Facilities Charge	Yes	Yes
IL Electricity Distribution Charge	Yes	Yes
Taxes & Fees		
Environmental Cost Recovery Adj	Yes	Yes
Renewable Portfolio Standard	Yes	Yes
Zero Emission Standard	Yes	Yes
Energy Efficiency Programs	Yes	Yes
Franchise Cost	No	N/A
State Tax	Yes	Yes
Municipal Tax	Yes	Yes

NM Type - NM2 - Rate BESH	**Interval Level Netting**	**Credit ($) for Outflow**
Supply		
Electricity Supply Charge	Yes	Yes
Transmission Service Charge	Yes	Yes
Capacity Charge	No	No
Purchased Electricity Adjustment	Yes	Yes
Misc Procurement Component Chg	Yes	Yes
Delivery		
Customer Charge	No	No
Standard Metering Charge	No	No
Distribution Facilities Charge	Yes	Yes
IL Electricity Distribution Charge	Yes	Yes
Taxes & Fees		
Environmental Cost Recovery Adj	Yes	Yes
Renewable Portfolio Standard	Yes	Yes
Zero Emission Standard	Yes	Yes
Energy Efficiency Programs	Yes	Yes
Franchise Cost	No	N/A
State Tax	Yes	Yes
Municipal Tax	Yes	Yes

Furthermore, we cannot see how the state average was calculated to be what it is without including taxes and the usage-based fees.

Further complicating this issue is that many larger nonprofit/public facilities also pay a demand charge. We expect the demand charge will be offset, at least somewhat. One possible solution is allowing modeling of electrical production of the array coupled with rate modeling. For example, the Energy Toolbase (https://www.energytoolbase.com/) provides models that account for demand charges and calculate expected savings based on actual site demand data and/or industry-based energy usage models. Just like a developer can use a third party program such as Helioscope to calculate an alternative capacity factor, we suggest that the Agency consider accepting third-party programs, like Energy Toolbase, to calculate rates for the ILSfA program.

(4) Ensuring the savings guarantee into the future. As we have previously commented, we are also concerned that the projection of benefits so far into the future could result in the overcharging of participants. As currently constructed, energy rate calculations may end up allowing system owners to charge low income participants substantially more than 50% of the actual cost of electricity. We included examples of scenarios of how this may occur in our comments on consumer protection documents dated April 19, 2019. Contracts for IL Solar for All should be required to include provisions that adjust charges to the low income subscribers should the costs charged to the low income subscribers exceed 50% of the value of the benefit.

We hope that, at a minimum, the Agency will make efforts to track actual electrical rate information for the projects selected for REC contracts. For example, the Annual Reports to be submitted by the Approved Vendors should include a requirement for rate data for the clients that their projects are serving and an attestation that the projects are meeting or exceeding the savings requirement. Something similar can and should be implemented for DG projects under ILSFA. Such a function would help the Administrator ensure that the program remains affordable for low-income customers over the length of engagement with the program, not just initially. At the very least, this information would help the Agency and stakeholders identify issues in the program and make appropriate adjustments to the program requirements in a timely fashion.

(5) Commitment to housing affordability. The Working Group recommends that the IPA and Administrators develop a method to establish a commitment for apartment buildings to remain low-income once an Approved Vendor builds a new project with IL Solar for All incentives. This could be done through a commitment that landlords/building owners sign affidavits to stay affordable for a period of 10 years as part of the project development and selection process. It could also be incentivized through the scoring system for project selection. Such commitments are not unprecedented and can also be found as conditions to receive deep retrofits for energy efficiency programs, for example.

(6) Forbearance. We applaud the Administrator's inclusion of forbearance protections, including requiring that Approved Vendors offer a) suspension of total payments for up to three months, b) a suspension of interest payments for up to six months, or c) a reduction in interest rates for up to twelve months. We recommend that these provisions are included in protections for both DG and community solar participants.

Distributed Generation

The Working Group is concerned about the outcome of the first round of the Low-Income Distributed Generation (DG) Sub-Program, where only one project applied and, as a large, 2 MW project, if approved, will utilize almost half of the annual funds. While we are excited by the prospect of 2 MW of DG deployed and serving low-income households so soon after the start of the program, the dearth of other applicants is concerning and a single project using such a high percentage of program funds raises the risk that small DG projects serving single or a handful of households could get shut out of the program. To that end, we make the following recommendations:

(1) **Protected sub-program for smaller projects.** The Working Group recommends creating a protected subcategory within ILSFA for smaller DG projects, potentially focused on 1-4 Unit residential projects. It is likely that we will see additional large projects submitted under ILSFA in future rounds. These projects will quickly claim the Distributed Generation funds, meaning that there would not be funding available for 1-4 Unit residential installations that were not submitted during the submission window.

Given the importance that rooftop DG installations hold for achieving the job creation targets of the enabling legislation, alongside the increased savings benefits that rooftop systems pass along to low-income customers, we believe that it is worthwhile to have a subset of funds that are only available for 1-4 Unit projects. If that is not possible, we propose creating a separate project size subcategory for projects that are 50 kW or less.

We recognize that the project selection process implemented by the Program Administrator would likely give preferential point allocation to these 1-4 Unit projects during project selection. However, given the increased time investment of authentic outreach, education, and eligibility verification of low-income homeowners, developers within this sector might be unable to accumulate a full 50 kW batch in time to submit for the project selection window. The 1-4 Unit batches have a small REC footprint and a high impact, and it is worth ensuring that there are RECs available for these projects in between project selection cycles.

(2) **Income Verification.** The Working Group strongly supports the need for income verification for the Illinois Solar for All program and has commented extensively in the past regarding how to make the income verification process more effective and less burdensome, as well as the importance of data protection and data purging around sensitive information. With regard to the distributed generation sub-program, in particular, the Working Group urges the IPA and its Program Administrators to monitor whether income verification creates barriers to participation for qualified households and, if so, work to eliminate those barriers.

(3) **DG Renewable Energy Credit (REC) Prices.** The Working Group recognizes that it is still too early to know whether any changes to REC prices are warranted and that other barriers to program participation discussed throughout these comments could be contributing factors. Ultimately, however, if the DG program does not see more robust and diverse uptake, the Agency should consider whether Solar for All DG REC prices be untethered from the Adjustable Block Program and, eventually, whether an increase to the REC prices for this subcategory is warranted.

<u>Nonprofits and public facilities</u>

(1) **Nonprofit/Public Facility REC pricing**. In the Long-Term Plan Update Stakeholder Request for Comments, IPA asks, "*Should the Agency determine a new approach for REC pricing for nonprofits and public facilities? If so, what different factors should be considered in adjusting prices from the base Adjustable Block Program REC prices?"* REC prices are significantly higher in the Solar for All program than in the Adjustable Block Program, and the Agency has observed that a substantial number of nonprofits and public facilities have applied to the Adjustable Block Program, suggesting that those lower REC prices can make projects financially viable.

Given the lack of information available to the public regarding the nature of the projects submitted under the Nonprofit/Public Facility sub-program it is difficult to judge whether REC pricing should be adjusted at this time. The Working Group suggests IPA create a process with the Program Administrator that will allow for further public comment on this issue once the Agency has reviewed the current batch of project applications and made this information public. It could be helpful to compare ABP nonprofit/public facility project application information with the ISFA Nonprofit/Public Facility sub-program applications to determine whether significant differences exist to justify continuing the higher REC prices in the ISFA sub-program.

(2) **Nonprofit and Public Facility Eligibility**. In the Long-Term Plan Update Stakeholder Request for Comments, IPA asks: *"Alternatively, should project eligibility criteria for this sub-program be tightened to better match the assumptions made by the REC pricing model (e.g., only projects that are not receiving tax benefits would be eligible)?*" The Working Group recommends that project eligibility criteria should be tightened in two ways.

First, under the current LTRRPP, IPA does not limit eligibility to nontaxable nonprofits or public facilities, but simply adjusts REC prices to reflect the inability of these entities to receive tax benefits for installing solar projects. The Working Group notes that the Nonprofit/Public Facility sub-program, with twenty eight projects submitted during the 2018-2019 submission window, is currently oversubscribed by $2.6 million. Many in the Working Group believe IPA should limit eligibility in this IL Solar for All sub-program to nonprofit organizations and public facilities that are ineligible for any local, state, or federal tax benefits associated with the solar project, including accelerated depreciation. IPA should also require project applicants to submit proof of their nontaxable status, such as their Internal Revenue Code Section 501(c)(3) letter or comparable document. In addition, the Working Group contends that oversubscription for this relatively small program should drive a tightening of the eligibility criteria to ensure that the sub-program can better meet the important goal of ensuring more equitable access to clean energy.

Second, the Working Group strongly supports the Administrator's continuation of a locational requirement that the property of the nonprofit or public facility hosting the on-site solar system must be geographically located within a qualifying Illinois Solar for All environmental justice or low-income community and paired with the requirement that the project serves the energy load of nonprofit or public sector customers. Although the Working Group affirms that both locational and organizational eligibility need to be met, we urge that the organizational eligibility be amended to require that nonprofit and public facilities meet both criteria identified above - that they satisfy the definition of Critical Service Provider and demonstrate the required level of community engagement. This method might also tighten the pool of eligible projects and ensure that those vying for incentives have demonstrated appropriate levels of engagement with the community in which they are located and will serve.

The Working Group recommends that Critical Service Providers be subject to the same requirements for demonstrating sufficient connection to and input from low-income and environmental justice communities served by such providers. Otherwise, due to the expansive nature of the Critical Service Providers category (as reflected in the Administrator's list of over 25 qualified organization types) and the strong interest in the Nonprofit/public facilities Illinois Solar for All subprogram by those who are concerned about the accessibility [or availability] of Adjustable Block Program funds, the entire program could be taken up by Critical Service Providers who have demonstrated no connection to or taken no input from low-income and environmental justice communities that they purport to serve.

Moreover, the Working Group is concerned that the Administrator's proposal for the critical service provider's required level of community engagement may not be sufficient. The Administrator recommends that community engagement can be shown by (1) providing a narrative summary of efforts taken prior to the application to conduct community outreach and education about the proposed entity being serviced by this installation or (2) listing community-based organizations the applicant has partnered with (including letters from those organizations to verify the partnerships) in support of the proposed entity being served by this installation.

However, in order to ensure that more robust community engagement occurs, all parties involved should have to verify that real and meaningful engagement has taken place, including applicants/Approved Vendors, nonprofit/public critical service providers, and community-based organizations that the applicant/Approved Vendor has partnered with. More sufficient levels of engagement could include multiple community meetings with representatives and residents from low-income and environmental justice communities, along with showing how communities will have influence over the various aspects of the system development and installation.

<u>Project Selection Protocol</u>

As noted in our comments on the 2017 LTRRPP and subsequent comments on project selection scoring, the Working Group wants to ensure that project selection results in a diversity of projects being funded in terms of capacity, incentive value, and geographic location, and that nonprofit projects and projects that offer customers a greater savings rate should be given priority. Because it is too soon to judge how well the current project selection protocol is achieving these goals, we suggest IPA create a process with the Program Administrator that will allow for further public comment on this issue once the Agency has completed project selection and made this information public. The IPA and the Administrator should also set qualification criteria to make sure disproportionate amount of incentive money does not go to any one category or entity and adjust definitions of nonprofits and public facilities accordingly.

Ensuring Building/Property Remains Occupied by a Nonprofit or Public Facility

IPA should require assurance that the facility housing the Nonprofit/Public Facility project remains occupied by an ILSFA qualifying nonprofit organization or an ILSFA qualifying public agency for a period of no less than ten years from the date the project is energized. IPA should also require annual reporting on the status of occupancy for this time period, and allow for claw back of REC payments should this requirement not be met.

Community Solar

The Working Group strongly supports requirements and scoring for the low-income community solar sub-program that preference and help drive forward projects with close community ties and maximal community benefit. To that end, we support a number of the suggestions raised in the IPA's request for comments, with a number of tweaks and additional suggestions, as follows:

(1) **Anchors.** There is no legislative goal or policy rationale for penalizing projects that eschew anchors in favor of serving 100% low income and environmental justice community households. Under the current scoring system, these projects are disadvantaged over community solar projects that dedicate a portion of their energy production to an anchor tenant. Furthermore, we know of projects that have added anchor tenants subscribed to as little as 1% of the project just so that the project does not lose out on the anchor tenant point on offer by the current scoring protocol. We feel strongly that fully-household-subscribed projects should be prioritized over projects with anchor tenants and that the aberrant incentivization of minimally-sized anchor tenants be eliminated.

    Where an anchor tenant is proposed, the Working Group supports the intent of the Agency's proposal to encourage community solar projects where the anchor tenant also serves as the host of the project. However, by itself, requiring that the site host also serve as an anchor subscriber would not accomplish the goal of encouraging projects that are more closely tied to their community. Nearly any landowner that hosts a community solar project could also serve as an anchor subscriber, whether they are a residential electricity customer living in the same service territory as the site, a corporation, or business. To achieve the goal of selecting projects with deeper community involvement and engagement, it is important that this requirement be one part of a larger set of criteria.

In the existing project selection protocol, an extra point is given if the anchor subscriber is a nonprofit or public entity that is eligible for the nonprofit and Public Facility Sub-Program (including the tighter criteria for that sub-program discussed above). We believe this focus on nonprofit or public sector entities is important, and is the key to closer community ties. Having a nonprofit or public sector site host that also serves as the anchor subscriber is the best way to ensure closer community ties and community engagement. We propose the following approach to ensure the intended outcome:

<u>Incorporate the site host/anchor subscriber connection into existing project selection protocol scoring with the scoring reflecting the following hierarchy:</u>

1. No anchor tenant (i.e., fully low-income household subscribed);
2. Anchor tenant is a nonprofit or public sector entity that is also the site host;
3. Anchor tenant is a nonprofit or public sector entity; and,
4. Anchor tenant is not a nonprofit or public sector entity.

Because only the highest scoring projects are likely to receive funding, this approach would greatly encourage nonprofit or public sector site hosts that also serve as the anchor subscriber (for projects with anchors). These are all facts knowable at the time of the application and will result in projects with closer ties to their community and subscribers in the project area.

In addition to adding criteria to encourage anchors to be closely tied to communities, the Working Group suggests that multiple anchor tenants be allowed if the anchor tenants are all public or nonprofit entities eligible for the nonprofit and public facility sub-program, with the caveat that the total amount consumed by all anchor tenants cannot exceed 40% of project capacity. We are concerned that some projects may need the 40% anchor role to win financing but also want to use a community anchor with a load below that 40% mark. In this case, we would prefer to see multiple eligible nonprofits in an anchor role than an energy customer with little or no community relationship. With multiple nonprofits or public entities allowed as anchor tenants, the low-income community solar provider can utilize smaller electrical consumers as anchor tenants that may be closer, both physically and vocationally, to the community being served. We think that allowing for flexibility in this area would provide for projects that better match the overarching goals of the program.

(2) Location. Many in the Working Group also support requiring that low-income community solar projects be geographically located within a qualifying Illinois Solar for All environmental justice or low-income community - similar to the locational requirement placed on nonprofit and public facility projects. Generally, the Working Group would want to see these projects serving the communities in which they are located, but more thought is likely needed before turning this into a strict requirement (1) to avoid placing overly prescriptive requirements on these projects and, importantly, (2) to ensure all low-income and environmental justice community members across the state can access these projects, even if one is not built in their community and/or if they do not live in a low-income or environmental justice community (in the case of low-income households).

Application Mechanics

The devil is in the details of how potential Solar for All projects apply to and are accepted into the program and this plays an important role in program success. With the first application period for the Solar for All program only barely closed, it is impossible to fully assess how successful the application mechanics for this first round of projets really were. At the same time, given how important application mechanics are to the success of the program, the Working Group did not want to ignore this important topic. Therefore, we offer the following recommendations on application mechanics, acknowledging that some of these recommendations are incomplete or may change as the first round of Solar for All projects progress.

(1) **Project application windows versus open enrollment.** The Working Group supported the initial choice to implement application windows versus open enrollment in light of the risks around oversubscription. The project selection process provides a model that strongly supports the overarching goal of the program – bringing the benefits of solar to those low income people and communities most impacted by the inequity of past policy decisions. By using an application window, potential projects can be evaluated and prioritized with those that best fit the goals of the program being awarded REC contracts. We continue to support this model going forward for the community solar and nonprofit and public facility sub-programs.

However, the results for the DG category were disappointing to us with only one very large project submitted to this sub-program and $4.2M unused in this first application window. We envisioned the DG sub-program to be the major driver behind meeting much of the jobs program's goals. We had hoped to see a vibrant competition with many small (i.e., 5 kW – 10kW) geographically-distributed system applications being submitted to this sub-program. Our discussions with developers and other stakeholders indicate that the barriers to this type of DG project may have been more challenging than we anticipated, especially for this initial application window. Grassroots education has just gotten off the ground. Developers are still wrapping their arms around a program that was finalized only just before the window opened The program requirements for qualifying a project are time intensive. Existing infrastructure challenges (such as old roofs) will take time and creativity to address before low-income-occupied single-family homes can apply for the program. And, authentic community outreach and sales that do not feel rushed and provide potential customers with the back and forth to fully understand sometimes-complex solar deals also take time.

We are aware of projects that better reflect our hopes for the program that are in development but were just not ready for submittal by the window's closing. Consequently, we recommend that whatever sub-program smaller distributed generation projects participate in are eligible for open enrollment rather than funneled through an application window. In the event the IPA does not adopt the Working Group's earlier recommendation to separate the small distributed generation projects from large distributed generation projects, the Working Group would support a hybrid approach with an initial application window that remains open until fully subscribed. We are hopeful that, with this and other changes, the next program year for this sub-program will be met with a more robust response.

(2) Waitlist for low-income community solar sub-program. On the other side of the coin, the low-income community solar (CS) sub-program was grossly over-subscribed. We are concerned that, should CS projects be "waitlisted" or provided additional points in the scoring protocol just for unsuccessfully applying to the program before, the CS sub-program's budgets will be consumed for the foreseeable future and later developing CS projects that better meet the stated goals of the program will be delayed or abandoned. We advocate for allowing CS projects that are not funded in a program year can re-apply to a future program year but that they should be provided no additional consideration.

Furthermore, based on the inferred project sizes and the necessary developmental lead times for those size projects, we believe it is safe to assume that at least some of the CS projects that applied to the ILSFA CS program were CS projects that applied for, but did not get awarded ABP REC contracts. The overwhelming majority of those ABP CS projects are located in rural areas and are not likely to be located in the communities that they will serve. Consequently, any waitlisting or point accrual resulting from unsuccessful applications for these rural projects will disadvantage future ILSFA CS projects that are located within their intended low income and/or environmental justice communities. The working group has consistently advocated for favoring ILSFA CS projects located in the communities they are being built to serve. Consequently, we feel a ILSFA CS project should be scored solely on its merits and prioritized relative to other ILSFA CS projects vying for funding during that particular program year.

(3) Scoring process. *Overall comments*:The Working Group expressed concern during the public comment period on project selection that the proposed scoring system would not recognize the full range of goals and requirements recognized under law. The final Project Selection Protocol Guidance Document did not lessen those concerns. We are concerned that the current system will fail to deliver on the specific goals that were left out of the scoring criteria (such as integration with workforce development programs) and overly simplifies some of the more complex issues (such as MBE/WBE project involvement being judged solely by the status of the Approved Vendor). We continue to believe a more comprehensive scoring system will better select those projects that drive the most community benefit and eliminate the potential for random selection and urge the IPA to consider such an approach through the Plan process.

- *MBE/WBE scoring*: The Working Group continues to feel very strongly that when it comes to projects scoring with regard to minority and women-owned businesses, scores should reflect the percentage of the REC contract project construction that is being served by MBE/WBEs rather than just the status of the approved vendor. The Working Group submitted comments to this effect in response to the April request for comments on project selection - those comments still stand. Since submitting those comments, we have come to understand that the major barrier to scoring based on the percent of the REC contract construction served by MBE/WBEs from the Agency/Administrator's perspective is the ability to ensure the percentage of the REC contract construction served by MBE/WBEs does not shift between project application and actual construction. The Working Group is sympathetic to this concern, however we also are aware of public procurement processes for construction related projects that regularly select vendors based on future commitment to hiring MBE/WBE subcontractors for a specified portion of the project, including at the City of Chicago. Therefore, even though we are not procurement experts and cannot detail those processes, we fully believe there are ways to address this concern and achieve better scoring outcomes. This expectation is lent further credence by the fact that REC contracts are not paid until energization - after construction has occurred and documentation could be provided as part of the Part 2 applications. Given this, we recommend that the IPA recognize a goal of scoring Solar for All projects based on the percentage of REC contract project construction being served by MBE/WBEs and commit to having the Program Administrator investigate avenues for implementing this goal, including outreach to other public entities engaged in procurement processes for construction projects with an MBE/WBE component.

(4) Small solar businesses. The Working Group continues to be concerned that the Approved Vendor model for the Illinois Solar for All Program is not yet fine tuned enough to support participation by small, mom and pop, and new, start-up solar businesses that do not have the expertise, interest, or bandwidth to become Approved Vendors themselves. While it is still too early to know for sure that such businesses face barriers to participating in the program, there are few early causes for concern. These include:

- The lack of small distributed generation applications to the program. This is the market segment typically served by small/new solar companies.
- Conversations with solar developers indicating that they were struggling to find an aggregator through which to participate in the program. Additionally, the Approved Vendors that did aggregate only aggregated projects for the nonprofit and public facility sub-program.
- Conversations with established aggregators indicating that responsibilities for aggregators versus developers in this program are misaligned and created enough risk that they turned customers away rather than serve as an aggregator for the Solar for All program.

If valid, these concerns need to be addressed as part of the goal of the Illinois Solar for All Program to grow the solar economy in low income and environmental justice communities. Such growth will be sorely limited if only large, already existing companies are able to participate in the program. At the same time, the Working Group fully supports the IPA in working to hold parties accountable for the very important requirements of the Solar for All Program through its Approved Vendor model and does not see a simple solution to the mismatch of accountable parties when Solar for All developers cannot or will not serve as Approved Vendors. Therefore the Working Group recommend that the IPA or its Administrator convene a stakeholder session specifically focused on the topic of small solar businesses and aggregation, with representatives for Approved Vendors and aggregators that are not yet Approved Vendors, small solar businesses that typically work with aggregators, Solar for All residential developers, Working Group members, and other interested parties to explore this complex issue and seek improvements or alternatives to the existing Solar for All Approved Vendor approach that balances the need for both accountability and small business program participation.

Job Training

The Working Group believes the job training requirements for Distributed Generation ("DG") projects are adequate and their design for trainee inclusivity does not necessarily introduce tradeoffs with hiring employees for the long-term. The job training requirement states that the ILSFA "Approved Vendor will have to demonstrate that for their first year of participation, 10% of the hours worked on projects will be by job trainees, and that amount would increase to 20% in their second year of participation, and 33% in the third year."[5]

The requirement specifies hours put into projects, rather than proportion of job trainees in the workforce. This introduces flexibility, allowing firms to actively and efficiently engage job trainee(s) in projects and adjust workforce dynamics based on their needs and situations. For instance, depending on project size and characteristics, even a small number of well-trained and supervised trainees may be able to fulfill the requirement hours, therefore not necessarily needing to jeopardize the job positions of existing current employees invested in the firm.

Even so, we suggest that the IPA should still consider informational program adjustments to note the concern from solar project developers. On the company's required document submission summarizing its use of job trainees, the agency could add questions assessing the effect of the job training requirements on the company's workforce. The Working Group believes it is important to monitor in-the-field realities to determine whether there are (ideally unlikely) situations occurring where invested employees are replaced in their workplace.

The Working Group recognizes that the job training requirements may be a valid concern for small firms that have limited resources and capacity and working in areas with lower numbers of located trainees. In this case, the IPA could consider accepting their requests to waive job training requirements, if these small companies come forward and sufficiently demonstrate their unsuccessful attempts to fulfill the requirement.

Furthermore, the program may need to re-allocate jobs requirements to other sub-programs if the DG sub-program is unable to meet the jobs goals that the program has set. The Working Group encourages the IPA and Administrator to track job creation by Approved Vendors and projects in the other

[5] Illinois Power Agency, *Long-Term Renewable Resources Procurement Plan,* p.176.

subprograms, noting that the project selection scoring could reward those projects additional point values for voluntarily creating job training opportunities in the development of their project.

Finally, we encourage the IPA to continue coordinating ILSFA job training opportunities with the Adjustable Block Program to better expand trainee accessibility and public participation in the programs.

Additional Issues

(1) Coordination with Energy Efficiency. The Working Group strongly supports more detailed incorporation into the LTRRPP around how the IL Solar for All program Administrator will endeavor to work to coordinate with energy efficiency programs in Illinois. The Working Group notes that the Future Energy Jobs Act changes to the statewide energy efficiency programs included a change to the qualifying level for low-income energy efficiency (also known as "income qualified" energy efficiency), which now aligns at the same qualifying level for IL Solar for All -- 80 percent of area median income. Having identical qualifying levels enables households who have to demonstrate income eligibility for one category of programs to have already qualified, in effect, for the other category. For low-income households, accessing both low-income solar and low-income energy efficiency benefits would deliver deeper savings and economic justice benefits. The Working Group believes enrollment and awareness around programs would function best if each program looking to serve low-income communities marketed and implemented in coordination with the other low-income assistance programs.

The Working Group recommends that the Administrator set up meetings with ComEd and Ameren administrators of their energy efficiency programs, as well as any municipal or cooperative utility that provides such programs, and the gas utilities with programs on gas efficiency.The electric energy efficiency programs are provided by third-party contractors who would also be excellent points of contact. Such meetings could provide a point of collaboration and determination about how to best align qualification processes. Additionally, where possible, Approved Vendors through IL Solar for All and third-party providers of energy efficiency programs and/or the utilities could be supported to provide informational materials to residents or potential customers about both categories of programs where relevant.

The Working Group also recommends that the IPA staff or Administrator attend the Income Qualified North and South Advisory Group meetings as a place to share information about IL Solar for All to third-party implementers, utilities, and community groups and to learn about developments and program offerings around energy efficiency. Such resources could be provided on the IL Solar for All website, and to or through the grassroots education providers of the program.

In addition to materials, program implementers can be educated on the programs themselves when speaking to customers. Providing training or informational sessions for low-income/income qualified energy efficiency utility staffers and implementers on the IL Solar for All program, as well as providing trainings or informational sessions for IL Solar for All staffers/implementers on income qualified EE programs, could facilitate access to the key knowledge necessary. This could also include educating customer service/assistance staff at the utilities too. Such functions could be coordinated through the noted Advisory Groups.

(2) 100% Subscriber Owned. The Working Group recognizes the substantive challenges the IPA and Administrator face in implementing the 100% Subscriber Owned provisions of IL Solar for All, and advocates and communities on the ground have been considering how to best implement subscriber ownership that advances energy sovereignty goals and builds equity and economic benefits for owners while managing risk, including consideration of percentage ownership models that would functionally define ownership over portions of the physical system as an alternative to the current structure. For example, subscribers could own a panel and the energy generation from that panel. As many considerations have evolved since the passage of the Future Energy Jobs Act on this topic, the Working Group recommends the Administrator continue to consider this issue and potentially revisit changes in the next plan or after any possible statutory shifts.

Conclusion

The Illinois Solar for All Working Group is eager to continue supporting the development and implementation of an effective low-income solar and job training program through the update of the Long-Term Renewable Resources Procurement Plan. Today, the Illinois Solar for All Program is an important and ambitious work in progress. This Plan update will be a key tool for advancing that progress, but it will not be the only tool. Our final recommendation to the IPA, as it embarks on the Plan update, is to balance the desire to tie up as many loose ends as possible through a legally binding, litigated process with the need to maintain flexibility, continually improve the program, and evolve with a changing environment.