



IPA Power Hour 7 — Upcoming Illinois Net Metering Changes

November 15, 2024

- 1. Introductions and Housekeeping**
- 2. Overview and Benefits of Net Metering**
- 3. Historical Net Metering Policy in Illinois**
- 4. Upcoming Changes to Net Metering Policy**
- 5. How DG Compensation Policies are Evolving in Illinois**
- 6. Detailed Overview of Upcoming Changes to Net Metering**
- 7. Best Practices to Prepare for Net Metering Changes**
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- **Today's Power Hour:**

- Net metering, one of the key drivers of solar energy in Illinois, will be undergoing significant changes effective January 1, 2025. With this development coming down the pike, the IPA is hosting this educational webinar to discuss net metering policy changes and potential impacts to ComEd, Ameren, and id-American customers.

Power Hour is a series of educational and informative presentations on a wide range of clean energy topics and emerging issues.

- Power Hour webinar series started in 2021.
- To-date, the Agency has hosted 34 Power Hour webinars, garnering over 1,000 attendees and over 1,500 post-webinar views on the IPA YouTube channel.
- Invited energy thought leaders and experts locally and nationally.

WEBINAR ARCHIVES: <https://ipa.illinois.gov/about-ipa/ipa-events/previous-power-hour-events.html>

IPA Power Hour Webinar Series Statistics



34

Power Hours
Webinars
Hosted



1,100+

Attendees from
2023 - Nov. 2024
(Zoom)



1,500+

Recording Views
from 2023 - Nov. 2024
(IPA YouTube)



2,250+

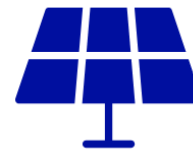
Website Clicks
(IPA Events
Page)

Popular Power Hour Webinar

Topics
(2023 - Nov. 2024)



**The State of
Wind Energy**



**Renewable Energy
Financing:
Distributed Solar**



**Clean Energy Future for
Public Schools:
Challenges and Solutions**

The Illinois Power Agency



About the IPA

Vision:

"A clean, reliable, and cost-effective energy future for residents and businesses across Illinois"

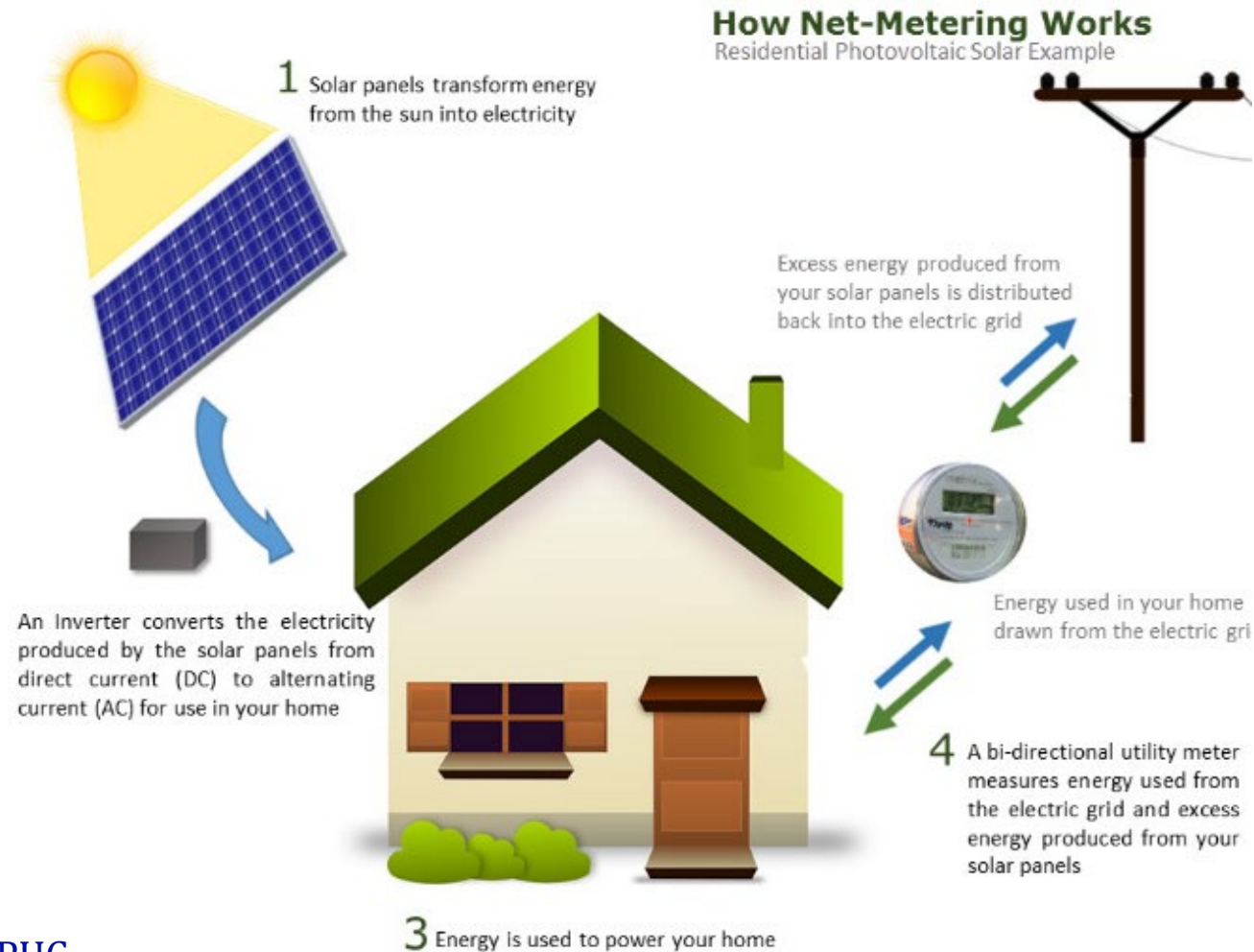
- Independent State Agency created in 2007
- Responsible for the development of an annual Electricity Procurement Plan for customers of electric utilities
- Supports the Illinois Renewable Portfolio Standard (RPS) through the development and implementation of:
 - Long-Term Renewable Resources Procurement Plan
 - Competitive procurement for utility-scale projects
 - Solar incentive programs for homes and businesses



Overview and Benefits of Net Metering

IPA Chief Legal Counsel Kelly Turner

Net Metering - Behind The Meter



Source: Vermont PUC

What is Net Metering?

Net Energy Metering policies compensate the customer for self-generated electricity

- Measure difference between utility-supplied energy and customer generated energy sent to grid
- Compensation typically takes the form of a bill credit, which can roll over to offset electricity usage in future months
- Systems can be designed to offset all of annual electric load, likely over-producing in summer/under-producing in winter
- Net metering policies allow for the compensation of energy generated by a system at any time

What is Net Metering?

Illinois Public Utilities Act – 220 ILCS 5/16-107.5, 16-107.6

- The Illinois Public Utilities Act governs utility rates and charges
- Utilities file tariffs with the Illinois Commerce Commission for approval of those rates
- Net metering provided for under Section 16-107.5
- Distributed generation rebate tariffs provided for under Section 16-107.6
- Commonwealth Edison, Ameren Illinois and MidAmerican Energy Company each have their own Commission-approved net metering and DG rebates

Qualifying Systems – 220 ILCS 16-107.5(b)

- Eligible renewable electrical generating facility: *a generator, which may include the co-location of an energy storage system, that is interconnected under rules adopted by the Commission and is powered by solar electric energy, wind, dedicated crops grown for electricity generation, agricultural residues, untreated and unadulterated wood waste, livestock manure, anaerobic digestion of livestock or food processing waste, fuel cells or microturbines powered by renewable fuels, or hydroelectric energy*
- Community solar subscriptions (only available in the ComEd and Ameren service territories) – 220 ILCS 16-107.5(l)

Providing TOU credits – 220 ILCS 16-107.5(d-5)

- Customers charged on a kWh-basis who are on hourly pricing or time-of-use rates, the electricity provider will provide credit for excess generation during any hourly period or time-of-use period at the same price the customer would pay during that period

Community Solar Subscriptions – 220 ILCS 16-107.5(l)(1)

- Subscribing customers do not have the system behind their own meter; instead customers receive supply credits for the value of the subscription level.

Qualifying Systems – 220 ILCS 16-107.5(c)

- Metering requirements differ for customers whose electricity is provided and measured on a kilowatt-hour basis and those whose is provided and measured on a kilowatt demand basis

Providing credits – 220 ILCS 16-107.5(d), (e)

- Customers charged on a kWh-basis whose generation exceeds the amount of electricity used by the customer over the billing period, the electricity provider provides a 1:1 credit on billing at the retail rate
- Same regime governs demand-based charges

History of Net Metering in Illinois

P.A. 95-420, eff. Aug. 24, 2007

- Established net metering in Illinois under the PUA
- General Assembly found that *“a program to provide net electricity metering... can encourage private investment in renewable energy resources, stimulate economic growth, enhance the continued diversification of Illinois’ energy resource mix, and protect the Illinois environment.”*
- Electricity provider required to provide net metering at a rate identical to the rate structure and retail rate components for excess generation in a monthly billing period
- Excess credits carry over, expire at end of annual period
- Limits availability to systems not more than 2 MW on the customer’s side of the meter

History of Net Metering in Illinois

P.A. 97-616, eff. Oct. 26, 2011

- Modified 16-107.5
- Expanded definition of eligible renewable electric generating facility beyond to include agricultural residues, untreated and unadulterated wood waste, landscape trimmings
- Allowed electricity providers to “consider” but not require meter aggregation for the purposes of net metering on a community owned solar project in 16-107.5(l)(1)
- Continue to see 1:1 crediting, rollover to end of annual period but not beyond

History of Net Metering in Illinois

P.A. 99-0906, eff. June 1, 2017 - Future Energy Jobs Act (“FEJA”)

- Changes to 16-107.5(l) of the PUA require net crediting for community solar subscribers “at the subscriber’s energy supply rate ... equal to the subscriber’s share of the production of electricity...”
- Distributed generation net crediting continue at the retail rate, including delivery services charges and energy supply charges, provided that customer declines the DG Rebate
- End of retail rate net metering triggered by 5% net metering penetration in a service territory; customers that begin taking net metering from an electricity supplier that has already reached the threshold will only be eligible for netting of energy
- 16-107.6 Distributed Generation Rebate - \$250/kW until the net metering customer generating capacity reaches 5%, at which time a successor rebate value would be in effect

History of Net Metering in Illinois

P.A. 102-0662, eff. Sept. 15, 2021

- Climate and Equitable Jobs Act (“CEJA”)

*...to achieve the goals of this Act that robust options for customer-side distributed generation continue to thrive in Illinois, the General Assembly finds that a **predictable transition** must be ensured for customers between full net metering at the retail electricity rate to the distribution generation rebate described in Section 16-107.6.*

220 ILCS 5/16-107.5

History of Net Metering in Illinois



P.A. 102-0662 - CEJA

- Set December 31, 2024 deadline for the end of retail rate net metering for new customers
 - Customers on net metering by year end will continue to receive retail net metering through the lift of the system
 - Ameren and ComEd
- Customers that apply for net metering on or after January 1, 2025 will receive net metering credits at the supply charge; these customers will also be eligible for a DG rebate under Section 16-107.6 of the Public Utilities Act

Utility determines eligibility for retail rate net metering

- **ComEd**: Certificate of Completion submitted by 5:00 pm on December 31, 2024 – requires a complete and accurate submission to guarantee eligibility
- **Ameren**: Witness Test Request submitted by 5:00 pm on December 31, 2024 – requires a complete and accurate submission to guarantee eligibility
- **MidAmerican**: Net metering application must be submitted to the utility prior to January 1, 2025
- Customers electing full retail rate net metering are ineligible for the DG Rebate

More Information On Net Metering Changes



- **Illinois Shines FAQ**
- **ComEd**
- **Ameren**
- **MidAmerican**



**ENVIRONMENTAL LAW
& POLICY CENTER**

Net Metering 2.0

*How DG Compensation Policies
are Evolving in Illinois*

**Illinois Power Agency Power Hour
November 15, 2024**

Net Metering is evolving in many states:

Indiana: *“instantaneous netting”*

- Legislature replaced retail NEM with “EDG” tariff
- Dispute over IURC’s “instantaneous netting” approach resolved by Indiana Supreme Court

Iowa: *value of solar tariff*

- Stalemate on Iowa “solar tax” led to legislative compromise
- IUB will implement “value of solar” tariff when DG penetration hits 5% of statewide peak demand

Michigan: *“inflow/outflow approach”*

- Retail NEM replaced with “inflow/outflow” DG tariff
- Details litigated in each utility rate case

Illinois charts new course to “value-based” DER compensation

FEJA (2016) adopts “DG Rebate” with NEM transition at 5% DG penetration

CEJA (2021) adds guardrails and “grid planning” process to inform investigation of DER value

Illinois NEM under CEJA: 220 ILCS 5/16-107.5

Eliminates 2 MW system size cap. NEM systems can now be sized for *future* energy requirements.

Creates predictable transition by replacing 5% program cap with a specific “threshold date” (Jan. 1, 2025).

Creates safe harbor for all NEM customers registered before threshold date.

Establishes clearer rules for community solar bill crediting.

DG Rebate Prior to 2025

220 ILCS 5/16-107.6

Rebates available to qualifying DG systems < 5 MW that contain a “smart inverter” and accept utility’s tariffed inverter settings.

For non-residential customers, rebates set at \$250/kW of DG plus \$250/kWh nameplate for any associated energy storage.

Residential customers can *either* elect retail NEM or a DG rebate valued at \$300/kW of DG plus \$300/kWh nameplate of associated energy storage.

Once a rebate is issued, NEM bill credits provided only for “kilowatt-hour supply charges” (which include energy, capacity, transmission and PEA)

Illinois Transition to “Value-Based” Compensation: 220 ILCS 5/16-107.6(e)

By no later than June 30, 2023, the ICC must open a **statewide investigation** “into the value of, and compensation for, distributed energy resources.” The Commission must consider the utility’s **integrated grid plan** to help identify the value of DERs.

Investigation must establish a “base rebate” (i.e. “consistent across the state”) of no less than \$250/kW. Shall also establish additional compensation for “additive services” that may “vary by location, time, performance characteristics, technology types, or other variables.”

After Jan. 1, 2025 all retail net metering must transition to the value-based compensation framework.

Value of DER Investigation

220 ILCS 5/16-107.6(e)

ICC launched workshop “series 1” in August 2023. Retained E3/Viridis to develop VDER methodology.

Workshop “series 2” will wrap up next month with E3 proposal. By EOY, E3/Viridis will file final report with the Commission.

ICC will open a contested case in 2025 to approve a final methodology. Utilities will then file tariffs based on the VDER methodology.

Multi-Year Integrated Grid Plans

220 ILCS 5/16-105.17

Includes first steps on “Marginal Cost of Service Studies” (MCOSS) to inform DG Value Investigation

Launching further discussion of many DER-related issues, including: flexible interconnection, dynamic hosting capacity, proactive hosting capacity investments, NWAs, virtual power plants, and more...

Final ICC Orders expected in December 2024. Next plans filed in January 2026.

Final Thoughts

Change is inevitable.

Goal: New framework that encourages and fairly compensates DER deployment where it is most needed and valuable.

Will it work? Jury is out.

Net Metering Changes

Lawrence Kotewa

Chief Engineer, Elevate

11/15/2024



ELEVATE

Net Metering Changes

- **January 1, 2025**
- Net metering crediting will change for new systems after December 31, 2024.
 - Full retail rate net metering will no longer be available to customers interconnecting renewable energy systems after December 31, 2024. Customers receiving permission to operate after such date will be eligible to receive only energy supply credits ***for their excess energy sent back to the grid.***
 - **Grandfathering** - A customer's renewable energy system must be approved for interconnection, installed, and have requested permission to operate from the utility prior to January 1, 2025 in order to be eligible to take service on one of the net metering rates which receives full retail rate net metering credits. Customers with renewable energy systems that are eligible for one of these legacy rates on December 31, 2024, shall maintain eligibility for the lifetime of the system, with subsequent customers inheriting such eligibility³⁰

Net Metering Changes

- Customer impact (rate related)
 - Supply only credits
 - This applies only to the excess energy sent back to the grid and is what will be kept track of in the supply section of the utility bills.
 - The value of the energy generated and used onsite, is the full retail rate value of energy, as it is energy that is not purchased from/provided by the utility. But that will not be seen on the utility bill, as that is not energy that passes the utility meter to be recorded.
 - If there is a supply credit in a given month, it will carry over to the next month. And unlike full retail credits, they will not expire/zero out at the end of the annual period.
 - Distributed Generation/Smart Inverter Rebate
 - An upfront payment of at least \$300/kW (for residential customers) for using a smart inverter.

Net Metering Changes

- Customer impact (system related)
 - Grandfathering
 - Ameren allows a system size increase of 100% to still maintain full retail rate net metering credits, but taking the Smart Inverter rebate will transition them to supply only net metering credits.
 - ComEd requires a new Interconnection and Net Metering application for changes related to size, inverter type, etc. A new Net Metering application after December 31, 2024 is only eligible for supply only net metering credits. Taking the Distributed Generation rebate will transition them to supply only net metering credits.

Net Metering Changes

- Preparing for the changes
 - Sizing the system
 - The size of the system relative to the customer's load is has always been important, to prevent large amounts of excess energy to be sent to the grid.
 - The timing of the customer's load is now important too. The more the load and generation are in sync, timewise, the lower the amount of energy needed to be purchased will be.
 - Energy Storage
 - Energy storage systems (batteries) can help with reducing the amount of energy sent back to the grid and valued at supply only, as well as provide for back up power.
 - And there are utility rebates available for this energy storage too.

Net Metering Changes

- Illinois Solar for All (ILSFA) Implications

- There are no changes to the 50% savings requirement for customers involved with ILSFA projects.
- The change is that the value of the energy generated by the solar project will be somewhat lower, as some portion of that energy will be estimated to be sent back to the grid, and so will have a lower value.
- The requirement that is not changing is that the cost to the customer of an ILSFA project be no more than 50% of the value of the energy generated. The cost to the customer will need to take that lower value into affect.
- The value of the Renewable Energy Credits (RECs) for current program year projects that the Approved vendor receives will not change. The value for projects in the next program year (starting June 1, 2025) are not set yet, and it is envisioned that they will take the lower value into effect. The 50% savings comes from the Long-Term Renewable Resource Procurement Plan based on the Illinois Power Agency Act (20 ILCS 3855) and the Illinois Public Utilities Act (220 ILCS 5).



Q&A

Contact Information



Kelly Turner
Chief Legal Counsel, Illinois Power Agency
kelly.a.turner@illinois.gov

Brad Klein
Senior Attorney, Environmental Law & Policy Center
bklein@elpc.org

Lawrence Kotewa
Chief Engineer, Elevate Energy
lawrence.kotewa@elevatenp.org