



# **2022 Long-Term Renewable Resources Procurement Plan Stakeholder Feedback Workshop**

**Morning Session  
November 18, 2021**

# Agenda

- **Morning Session**

- Welcome and Introductions 9:00 – 9:10
- High Level RPS Questions 9:10 – 9:30
- Utility-Scale and Brownfield site procurements 9:30 – 10:05
- Large Customer Self-Direct Program 10:05 – 10:40
- *Break* 10:40 – 10:45
- Diversity, Equity, and Inclusion 10:45 – 11:30
- REC Prices 11:30 – Noon

- **Afternoon Session**

- Welcome and Introductions 1:00 – 1:10
- Adjustable Block Program 1:10 – 2:10
- *Break* 2:10 – 2:15
- Illinois Solar for All Program 2:15 – 3:15
- Consumer Protections 3:15 – 4:00

- **Today's workshops are being recorded and will be available on the IPA website:**

<https://www2.illinois.gov/sites/ipa/Pages/RenewableResourcesWorkshops.aspx>

- **IPA Staff will present on each topic and pause to take comments and questions**
  - **Please use the chat feature to make comments or ask questions**
  - **All participants are on mute, if you wish to speak to clarify a comment or question, please use the raise hand option under "Reactions"**

# Workshop Logistics, continued

- **Today's workshops will review questions contained in Requests for Stakeholder Feedback released on November 12**
  - <https://www2.illinois.gov/sites/ipa/Pages/RenewableResourcesWorkshops.aspx>
- **The Agency strongly encourages stakeholders to submit written comments**
- **Written comments due December 3, 2021. Please send to:**
  - [IPA.Contactus@illinois.gov](mailto:IPA.Contactus@illinois.gov)

# Presenting This Morning

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- **Anthony Star, Director**
- **Brian Granahan, Chief Legal Counsel**
- **Doug Stinner, Planning and Procurement Bureau Chief**
- **Sharon Johnson, Diversity, Equity, and Inclusion Manager**
  
- **Megha Hamal, Communications Manager**
- **Sarah Duffy, Associate Legal Counsel**

# Learn More about the Climate and Equitable Jobs Act

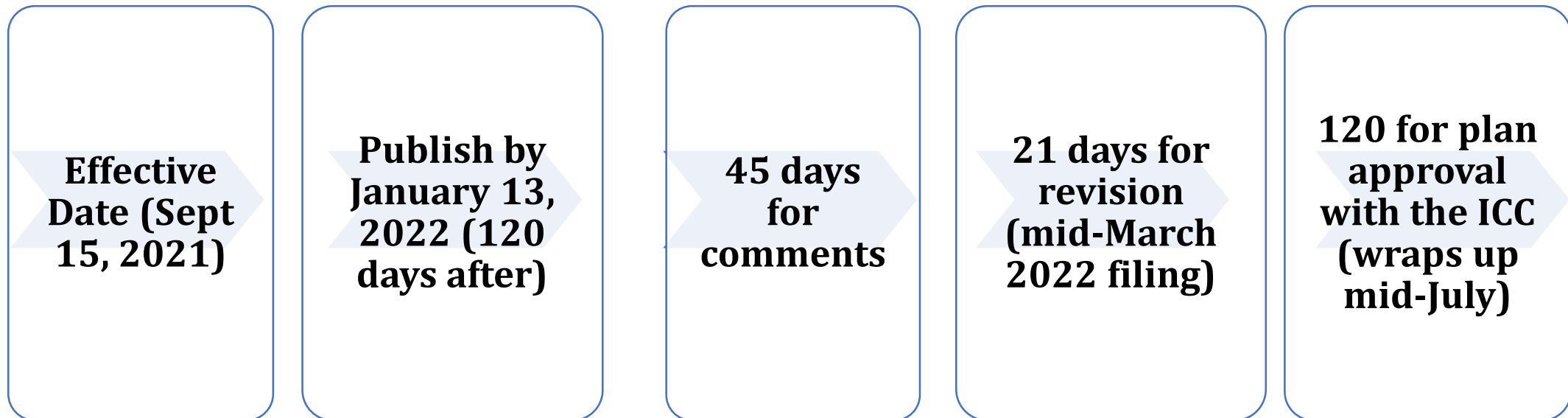


- **IPA Power Hour Webinar 1: *Expansion of the Illinois RPS Under CEJA*, Friday, October 15, 2021**
- **IPA Power Hour Webinar 2: *CEJA's Impact on Adjustable Block Program*, Friday, October 22, 2021**
- **IPA Power Hour Webinar 3: *CEJA's Impact on Illinois Solar for All*, Friday, November 12, 2021**
- **IPA Power Hour Webinar 4: *CEJA's Impact on Utility-Scale Solar and Wind and Brownfield sites*, Friday, November 19, 2021; 12pm-1pm CDT**
- **IPA Power Hour Webinar 5: *Creating a Diverse and Equitable Energy Workforce*, Friday, December 3, 2021; 12pm-1pm CDT**
- **IPA Power Hour Webinar 6: *Decarbonization, from Coal to Renewables*, Friday, December 10, 2021; 12pm-1pm CDT**
- **IPA Power Hour Webinar 7: *Carbon Mitigation Credits and CEJA's Support for At-Risk Nuclear Plants*, Friday, December 17, 2021; 12pm-1pm CDT**
- **For recordings of past IPA Power Hours and to register for upcoming IPA Power Hours:**
  - <https://www2.illinois.gov/sites/ipa/Pages/Events.aspx>

# Long-Term Plan Development Timeline



- Initial Long-Term Plan developed in 2017/2018, updated every two years
- First Revised Plan approved in early 2020
- IPA released draft Second Revised Long-Term Plan for public comment on August 16, 2021
  - Plan withdrawn on September 16, 2021, due to provision in P.A. 102-0662 calling for a new plan to be released for public comments in 120 days
- New Plan development timeline:



- Previous Plans available at:  
[https://www2.illinois.gov/sites/ipa/Pages/Renewable\\_Resources.aspx](https://www2.illinois.gov/sites/ipa/Pages/Renewable_Resources.aspx)

# High-Level RPS Questions



- *In any given delivery year, if forecasted expenses are less than the maximum budget available under subparagraph (E) of this paragraph (1), the Agency shall continue to procure new renewable energy credits until that budget is exhausted in the manner outlined in item (i) of this subparagraph (C).*
- This creates significant planning challenges, as the move to annual blocks within the Adjustable Block Program presupposes a set, defined quantity established at the start of the year for that year, and utility-scale procurements similarly require defined quantities for bid selection. Meanwhile, the actual costs (and, in some cases, prices) resultant from program and procurement activity (which then inform budget impacts for available funding) are unknowable at the start of a delivery year. Competitive procurements to be conducted feature unknown prices, already-conducted competitive procurements feature floating prices, and programs featuring administratively set prices still feature different prices by project size within a category, with the relative weight of participation by project size likewise unknown.
  1. Given the statutory guidance to maximize expenditures regardless of whether targets are exceeded, how can the Agency best balance maintaining the integrity of planned, transparent, and well-defined market opportunity information (such as a block size or maximum procurement quantity) with this need to ensure that the RPS “budget is exhausted”?
  2. Further, how can these competing objectives be balanced *within* “any given delivery year”? Would this require midstream adjustments by the Agency?

# RPS Budget Accounting, continued

- In its Revised Long-Term Renewable Resources Procurement Plan, the IPA proposed utilizing a 5% buffer between expected collections and expected expenditures in attempting to ensure that expenditures were maximized relative to collections.
  3. Given the recent changes to Section 1-75(c)(1)(E) of the IPA Act and Section 16-108(k) of the Public Utilities Act, is that buffer still appropriate? How should the Agency consider REC delivery contracts now featuring floating, indexed REC prices in determining the appropriate buffer margin?
- To date the Agency has published RPS budget numbers and REC procurement volumes in the Long-Term Plan which is updated every two years. The Adjustable Block Program and the Illinois Solar for All Program websites also include dashboards of program activity. The Agency is planning to develop a new portion of its website which will contain updates to RPS budgets and procurement volumes (most likely on a quarterly basis).
  4. How can the Agency provide more useful and informative updates to stakeholders about the status of RPS collections and expenditures?

# Non-PV Community Renewable Generation

- Section 1-75(c)(1)(N) of the IPA Act (as modified by Public Act 102-0662) provides that:

*Through the development of its long-term renewable resources procurement plan, the Agency may consider whether community renewable generation projects utilizing technologies other than photovoltaics should be supported through State-administered incentive funding, and may issue requests for information to gauge market demand.*

- The Agency had previously conducted a procurement for non-PV community renewable generation and there were no selected bids.
  5. Given the increase in maximum project size to 5 MW from 2 MW, is wind community renewable generation now viable? Could other technologies potentially qualify?
  6. Would this procurement be conducted through a competitive procurement? Or should it follow the Adjustable Block Program structure, including open enrollment and administratively set REC prices?
  7. What would be an appropriate REC (or MW) target, and what should be the timing?
  8. Are there any provisions related to community solar (especially around subscription requirements) that should be different for non-PV community renewable generation?
  9. Do other non-Illinois programs provide a useful model for supporting non-PV community renewable generation projects? If so, which states, and how might that approach be applicable to Illinois?

# **Utility-Scale and Brownfield Site Photovoltaic Procurements**

# Utility-Scale Procurement Frequency



- Procurements of RECs from new utility-scale wind, utility-scale solar, and brownfield site solar, will be needed to meet the goal of 45 million RECs delivered annually contained in new provisions of Section 1-75(c)(1)(C)(i) of the IPA Act. While a subsequent forward procurement will be conducted by the Agency in the spring of 2022 to meet an interim 10 million REC goal (as discussed further in questions below), the Agency is interested in stakeholder feedback on the scheduling of future procurements.

**1. Are annual procurements sufficient, or should procurements be more frequent? If procurements are conducted annually, is there a time of year that would be best to hold them?**

- **Section 1-75(c)(1)(P) of the Act includes a new provision requiring the Agency to optimize the procurement of RECs from utility-scale projects located in Energy Transition Community Grant areas.**
  2. **What would be the most effective way to create that optimization? For example, the approach used for prioritizing RECs from Illinois and adjacent states prior to the enactment of the Future Energy Jobs Act could be used. In that approach, bid evaluation would first select projects (subject to the application of the confidential price benchmark) from those areas, then if volumes to be procured remain, would select bids from projects in other areas. Another approach could be to have different eligibility requirements for projects located in these areas. Another approach still could weight price versus other requirements.**
- **Similarly, Section 1-75(c-10)(3) of the IPA Act provides that the Agency shall develop application requirements and a “bid evaluation methodology” for its competitive procurements that may provide preference to bidders committing to utilize a higher percentage of equity eligible contractors on selected projects.**
  3. **Should the Agency introduce an equitable eligible contractor scoring preference into bid evaluation? If so, what approaches should the Agency consider for scoring bids on the basis of price, EEC utilization, and possibly also the Energy Transition Community Grant preference outlined in the question above?**

# Procurement Timelines/Milestones

- Prior competitive procurements conducted by the Agency seeking to support new utility-scale projects featured firm energization and initial REC delivery timetables.
4. How should the Agency balance seeking to receive RECs as quickly as possible to meet aggressive RPS targets, and adjusting procurement volumes to account for project attrition, with allowing developers needed time for project development? Should midstream milestones or increases in collateral requirements be considered as a means to ensure that selected projects are indeed on track for development? What lessons can be taken away from development delays extending from the COVID-19 pandemic?

# Subsequent Forward Procurement

- Section 1-75(c)(1)(C)(i) of the IPA Act sets a REC procurement target for the 2021 delivery year of 10,000,000 RECs, which has to be met from new wind and new solar projects with a 45% wind and 55% solar breakdown. The solar requirement is further broken down into 50% from the Adjustable Block Program (“ABP”), 47% from utility-scale solar and 3% from brownfield site photovoltaic projects. Section 1-75 (c)(1)(G)(iii) of the IPA Act also requires the IPA to conduct a subsequent forward procurement for RECs from new utility-scale wind projects, new utility-scale solar projects, and new brownfield site photovoltaic projects within 240 days after the effective date of the Act, in quantities sufficient to meet the 10,000,000 REC target for the 2021 delivery year.
- 5. Since the 55% from solar includes RECs from the ABP, and the subsequent forward procurement will not procure RECs from the ABP, how should the IPA approach establishing its utility-scale solar and brownfield site photovoltaic project procurement targets for the subsequent forward procurements?
- Section 1-75(c)(1)(C)(iii) of the IPA Act provides an additional requirement for the subsequent forward procurements as follows:
  - *For purposes of calculating whether the Agency has procured enough new wind and solar renewable energy credits required by this subparagraph (C), renewable energy facilities that have a multi-year renewable energy credit delivery contract with the utility through at least delivery year 2030 shall be considered new, however no renewable energy credits from contracts entered into before June 1, 2021 shall be used to calculate whether the Agency has procured the correct proportion of new wind and new solar contracts described in this subparagraph (C) for delivery year 2021 and thereafter.”*
- 6. Should the IPA take into consideration previously procured RECs for utility-scale wind and utility-scale solar, which meet the requirement of “new wind project” and “new solar project”, in establishing the subsequent forward procurement targets? Or is “proportion” intended to refer only to the *ratio between* new wind and new solar contracts? In the alternative, should the IPA make a complete reset of the competitive procurements targets and attempt to procure the full 10,000,000 REC target (which could result in unmet procurement targets or insufficiently competitive procurement events)? Please provide analysis supporting your position.



# Indexed REC Price Procurements

- **Section 1-75 (c) (1) (G)(iv)(6)(i)(1) of the IPA Act requires that the price for Indexed RECs be calculated for each settlement period. Section 1-10 of the Act defines settlement period as the period used by MISO and PJM for settlement in the real-time energy market.**
  - 7. With both MISO and PJM using 5-minute real-time settlements, is a five-minute settlement period practical for the IPA to use, considering that the IPA would also have to request that bidders submit their strike prices in 5-minute periods? If a 5-minute period is not practical, what period would you consider a reasonable settlement period?**
- **Section 1-75 (c) (1) (G)(iv)(6)(i)(4) of the Act states that to ensure that indexed REC prices remain predictable and affordable, the IPA may consider the institution of a price collar on REC prices paid under indexed REC procurements, establishing floor and ceiling REC prices applicable to indexed REC contract prices.**
  - 8. What types of price collars (floor and ceiling) should the IPA consider, to ensure that Indexed REC prices remain predictable and affordable?**

# Brownfield Site Procurement

- **BACKGROUND**

- Two procurement events under FEJA
- Definitional challenges with brownfield site photovoltaic project definition
  - IL Site Remediation Program false positives
  - "Regulated By" standard – as of when? How?
- Second resulted in two successful bids, met 2020 targets

- **PROPOSED APPROACH**

- Utilize a traditional, price-based competitive procurement at first
- Evaluate impacts of Indexed REC price approach changes, changes in brownfield site photovoltaic project definition, etc.
- Determine what barriers, if any, may have limited successful or efficient participation
- Consider alternative procurement structures and approaches through next Long-Term Plan (developed in 2023)

9. What “other approaches,” if any, should the IPA consider proposing as part of Plan development? Could this mean an administratively determined REC price as used in the Adjustable Block Program and Illinois Solar for All with a project selection protocol as used in Illinois Solar for All (and will be used for community-driven community solar)? Should the IPA first observe the results of one or more competitive procurements for brownfield site photovoltaic projects before considering alternative procurement approaches? What barriers would alternative procurement approaches be best-suited to solving?
10. To what extent, if any, do the changes to the competitive procurement REC pricing construct found in Section 1-75(c)(1)(G)(v) of the IPA Act address prior barriers observed in brownfield site photovoltaic project procurements?

# Brownfield Site Procurement

11. In considering approaches other than a price-based competitive procurement, what attributes might the IPA consider valuing in determining which brownfield site photovoltaic projects should receive state-administered incentive funding? Some ideas could include strength of remediation commitments, environmental justice community status, population density of the project's surrounding area, equitable workforce hiring commitments; how would these and other ideas be demonstrated and measured for project selection?
12. New Section 1-75(c-10)(3) of the IPA Act calls on the Agency to “develop bid application requirements and a bid evaluation methodology for ensuring that utilization of equity eligible contractors, whether as bidders or as participants on project development, is optimized, including requiring that winning or successful applicants for utility-scale projects are or will partner with equity eligible contractors and giving preference to bids through which a higher portion of contract value flows to equity eligible contractors.” Do stakeholders believe these requirements are limited only to utility-scale competitive procurements? Section 1-75(c-10) utilizes “competitive procurements” in some places but refers expressly to “utility-scale projects” in others. If applicable, how should new Section 1-75(c-10) guide the IPA’s approach to bid eligibility, review, evaluation, and selection?

# **Large Customer Self-Direct RPS Compliance Program**

Section 1-75(c)(1)(R)(1) allows for “multiple retail customer accounts under the same corporate parent” to be aggregated to meet the law’s 10,000 kilowatt peak demand participation threshold.

1. How should the IPA determine whether multiple retail customer accounts indeed connect back to the same corporate parent?
  - a. What documents would constitute appropriate proof of such affiliation, and allow that affiliation to be understood as connecting back to that customer’s utility account?
  - b. For multiple aggregated accounts, should the 10,000 kW threshold be based on coincident or non-coincident “total highest . . . demand” peak demands?

# Project Eligibility

Section 1-75(c)(1)(R)(2) requires that RECs “be sourced from new utility-scale wind projects or new utility-scale solar projects,” but “new” is not defined within Section 1-75(c)(1)(R). The Agency is proposing to utilize the “new” project definition found in Section 1-75(c)(1)(C)(iii) (energized after June 1, 2017) in applying subparagraph (R), with geographic eligibility determined by the application of Section 1-75(c)(1)(I) of the IPA Act as interpreted through the Agency’s Commission-approved Long-Term Renewable Resources Procurement Plan in place at the time of contract execution (with the IPA’s Initial Long-Term Plan’s determinations applicable to contracts executed before that Plan’s formal approval).

- 3) Is this approach to determine whether a project is “new” the correct approach?
  - a. Should the Agency instead consider “new” as a facility that had not yet been energized as of the effective date of P.A. 102-0662?
- 4) For geographic qualification, would facilities qualifying under Section 1-75(c)(1)(I)’s new provisions for electricity transmitted to Illinois-based HVDC converter stations also qualify (once such converter stations are built and qualified)?

Section 1-75(c)(1)(R)(3) requires that the Agency “annually determine the amount of utility-scale renewable energy credits it will include each year” from the program, with that determination made through evaluating “publicly available analyses and studies of the potential market size for utility-scale renewable energy long-term purchase agreements by commercial and industrial energy customers.” Program size should also take into consideration the overall market size or share of eligible self-direct customers—but that market size has proven difficult to determine, as many smaller retail customer accounts may qualify once aggregated through corporate affiliation.

4. How should the IPA handle this requirement for establishing program size?
  - a. What such publicly available analyses and studies are available to the Agency in determining self-direct program size?
  - b. By when each year should the Agency make this determination, and using what process?
  - c. Should the Agency publish the initial delivery year self-direct program size as part of its upcoming Long-Term Plan?
  - d. Given that customer account size does not account for permitted account aggregation by corporate affiliates, how can the IPA best assess the size of the retail customer market eligible for self-direct RPS compliance?



Section 1-75(c)(1)(R)(3) also provides provisions for ensuring that “participation is evenly split between commercial and industrial users” in the case of more applicants than the program size could accommodate.

5. If the IPA receives applications for the program which exceed the amount of RECs it will include each year, how should the Agency choose between competing applicants?
  - a. While the law indicates that the Agency “shall ensure participation is evenly split between commercial and industrial users,” how should the Agency choose between individual commercial or industrial users within that category should applications exceed program capacity?
  - b. Should the Agency maintain a program waitlist for qualified applicants, with preference for waitlisted applicants when the program next reopens for applications?

The amount of avoided RPS costs credited back to the customer shall be “equivalent to the anticipated cost of renewable energy credit deliveries under contracts for new utility-scale wind and new utility-scale solar entered for each delivery year after the large energy customer begins retiring eligible new utility scale renewable energy credits for self-compliance.”

- **The Agency understands this to mean the following approach:**
  - **Credit levels based on the upcoming delivery year's utility-scale project costs, based on new utility-scale project contract expenses after successful enrollment**
    - Thus, for a customer which begins retiring RECs for self-compliance in 2023, an individual rate would apply and would change year-over-year as anticipated new utility-scale wind and solar costs grow (as additional contracts are entered into and additional retirements occur).
    - Alternatively, for a customer which begins retiring RECs for self-compliance in 2024, a different rate would apply, as only contracts entered into after the “delivery year after the large energy customer” began retiring RECs for self-compliance would count toward the anticipated cost rate.
    - Thus that 2024 customer’s annual self-direct credit rate would be almost certainly be different than the 2023 customer’s annual self-direct credit rate.

6. What is the correct approach to determining bill credit levels? Do commenters agree with the IPA's statutory interpretation? What other interpretations could be offered to this language?

The law further provides that while the Agency shall ultimately determine the self-direct credit amount(s), it should be filed with the Commission as a compliance filing—but must be approved by the Commission by June 1 of each year beginning in 2023.

7. Given that the Commission does not normally approve compliance filings, how should the Agency comply with this provision?
- a. What process should the Agency propose for the Commission's review and approval of self-direct rates?
  - b. What information should the Agency include in such a filing to a) assist the Commission in making that determination and b) provide interested parties with visibility into how self-direct crediting rates are being set?

Section 1-75(c)(1)(R)(5) could be understood as envisioning a two-step application process. First, the customer must demonstrate that it qualifies as a self-direct customer, generally by a demonstration of usage above 10,000 kilowatts by that customer or its affiliates. Next, the customer must demonstrate that its contract with a new utility-scale renewable energy facility qualifies for self-direct bill crediting (e.g., from contracts of at least 10 years and in volumes that are at least 40% of the customer's annual consumption).

## **8. How should the application process operate?**

- a. Should these steps be completed contemporaneously?**
- b. By when should applications open?**
- c. For how long should the application window stay open for a given delivery year?**

Section 1-75(c)(1)(R)(5)(ii)-(v) references “proof” or “supporting documentation” required for compliance demonstration.

**9. How should the Agency determine whether an applicant is indeed compliant?**

- a. What types of documentation should the Agency seek?**
- b. For the prevailing wage and equity standards requirements in 1-75(c)(1)(R)(2)(vii), how might the applicant prove compliance?**
- c. What confidentiality considerations apply to the receipt of this information?**

**Break**

# **Diversity, Equity, and Inclusion**

# Encouraging Participation

- Section 1-75(c)(1)(P) of the IPA Act requires that the Agency's programs and procurements be "designed to encourage participating projects to use a diverse and equitable workforce and a diverse set of contractors, including minority-owned businesses, disadvantaged businesses, trade unions, graduates of any workforce training programs administered under this Act, and small businesses."
1. To achieve this goal should the Agency conduct proactive outreach to businesses and organizations to promote IPA programs and procurements?
  2. Should the Agency consider incentives to Approved Vendors based on subcontractor diversity (incentives could either be financial in terms of REC price adders, or in the form of prioritization or streamlining of project applications)?



# Equity Accountability System

- **Section 1-75(c-10) of the IPA Act (as created by Public Act 102-0662) requires the establishment of an equity accountability system that,**  
*is successful in advancing priority access to the clean energy economy for businesses and workers from communities that have been excluded from economic opportunities in the energy sector, have been subject to disproportionate levels of pollution, and have disproportionately experienced negative public health outcomes. Also, the equity accountability system should be successful in advancing equity across Illinois by providing access to the clean energy economy for businesses and workers from communities that have been historically excluded from economic opportunities in the energy sector, have been subject to disproportionately negative public health outcomes.*
- **With the next Long-Term Plan scheduled to be approved in July of 2022, equity accountability requirements are scheduled to be begin June 1, 2023.**
  3. **Equity commitments start at 10% of the project workforces and will increase to 30% by the 2030 delivery year. Should the requirements vary in different regions of the state? Should percentages be adjusted in each successive Long-Term Plan based on observations of prior years' progress?**
    - i. What challenges will exist to meet the initial 10% requirement? Are there significant variations to consider in different areas of the state? Section 1-75(c-10)(1) references "at least 10% of the project workforce for each entity" as the minimum starting requirement.
    - ii. Should this requirement apply to work conducted starting in the delivery year starting June 1, 2023 regardless of when the project application was approved, or only for new applications received on or after June 1, 2023?
    - iii. Should the agency apply different growth rates of the minimum requirement for different project categories and/or geographic regions? If so, what criteria should the agency use to determine those different rates of growth?
  4. **How should "project workforce" be defined for equity accountability provisions? Does it cover just construction and installation activities, or should it also cover work on sales, marketing, finance, etc.? If so, how should those activities be defined and how should the percentages be calculated? (For example, for sales how would time spent on unsuccessful leads be accounted for?)**

# Equity Accountability Compliance Reports ILLINOIS POWER AGENCY

- **Entities participating in Agency procurements are required to file annual compliance plans and reports related to meeting equity accountability requirements.**
  - 5. What specific items should be required in those compliance plans? Should the report at the end of the delivery year simply update that plan or should it be a wholly new document?**
  - 6. How should compliance with workforce requirements be applied given the potential lag between the year an Approved Vendor's project receives a REC delivery contract and the year (or years) work is undertaken to build them?**
  - 7. For the Adjustable Block Program, should the Agency employ compliance goals by category, or across all categories (with the EEC category presumably requiring full compliance)?**

# Training, Guidance, and Support

- Section 1-75(c-10)(4)(C) calls for the establishment of a “program for approved vendors, designees, eligible persons, and equity eligible contractors to receive trainings, guidance, and other support from the Agency or its designee regarding the equity category outlined in item (vi) of subparagraph (K) of paragraph (1) of subsection (c) and in meeting the minimum equity standards of this subsection (c-10).”
8. What are the recommended approaches to provide this training, guidance and support? For example, should it be through educational events, classes, published guidelines, or mentorships?

# Competitive Procurements

Section 1-75(c-10)(3) requires the Agency to “develop requirements for ensuring that the competitive procurement processes, including utility-scale solar, utility-scale wind, and brownfield site photovoltaic projects, advance the equity goals of this subsection” and to “develop bid application requirements and a bid evaluation methodology for ensuring that utilization of equity eligible contractors.”

9. What types of criteria might such a methodology include?
10. Would simply requiring that winning bidders use at least a certain percentage/number of equity eligible contractors be sufficient to comply with this section?
11. Should the agency consider an approach that takes bids out of purely price order to prioritize bids that support a higher number of equity eligible contractors or that direct a larger proportion of project revenue toward equity eligible contractors?

# Equity Accountability System Waivers



- Section 1-75(c-10)(4)(E) provides for a process through which an applicant may apply for a waiver of the minimum equity standards, where they can show “evidence of significant efforts toward meeting the minimum equity commitment.”

**12. Other than the criteria listed in that section (“use of the Energy Workforce Equity Database, efforts to hire or contract with entities that hire eligible persons”), are there any other types of information that the Agency should consider when evaluating an application for a waiver?**

# Study of Racial Disparity and Discrimination



- The Agency is tasked with conducting a study of racial disparity and discrimination that focuses on the effectiveness of the equity actions system to increase participation of equity eligible persons and equity eligible contractors. This study is to be published within one year of when contracts are awarded that account for equity actions.

13. Given that the equity accountability requirements do not begin until June 1, 2023, when is the earliest that this study should be conducted?
14. Are there interim reports or studies that should be considered?
15. How should the need to conduct a disparity study inform the Agency's data collection requirements and ongoing data analysis efforts?
16. Are there helpful examples that the Agency can draw from for how to best prepare for a disparity study, conduct that study, and modify program requirements thereafter? Are there specific firms and organizations with whom the Agency should consider a partnership?

# REC Prices

# REC Pricing Model

- **REC Prices for the Adjustable Block Program and Illinois Solar for All established through REC Pricing Model**
  - **Uses NREL CREST Model to create a levelized cost of energy which is then paired with an analysis of the net present value of future net metering values to determine REC prices**
- **Model developed for initial Long-Term Plan**
  - **4% price declines between blocks for Adjustable Block Program**
- **Agency refreshed values for stakeholder review in the withdrawn Second Revised Long-Term Plan**
- **Note, December 14 Block opening prices statutorily set, this discussion relates to REC prices for future Blocks**



# Withdrawn Second Revised Plan Preliminary REC Prices



- Modeling conducted this summer
- Update of inputs
- These prices never went into effect
- Details can be found in Appendices D and E:
  - <https://www2.illinois.gov/sites/ipa/Pages/Second-Revised-LTRRPP-Appendices.aspx>

Table 6-3: Updated REC Prices, Preliminary REC Pricing Model Update (\$/REC)

Block Group	Block Category		Next Block	Difference from Current Scheduled Next Block
Group A (Ameren Illinois, MidAmerican, Mt. Carmel, Rural Electric Cooperatives, and Municipal Utilities located in MISO)	Small	≤10 kW	\$90.39	120%
	Large	>10 - 25 kW	\$82.90	124%
		>25 - 100 kW	\$65.83	120%
		>100 - 200 kW	\$53.06	119%
		>200 - 500 kW	\$47.12	118%
		>500 - 2,000 kW	\$45.71	124%
	Community Solar	≤10 kW	\$104.18	128%
		>10 - 25 kW	\$95.09	129%
		>25 - 100 kW	\$78.13	130%
		>100 - 200 kW	\$68.22	133%
		>200 - 500 kW	\$63.47	135%
		>500 - 2,000 kW	\$39.08	88%
		Co-located systems exceeding 2 MW in aggregate size	\$32.56	82%
Group B (ComEd, and Rural Electric Cooperatives and Municipal Utilities located in PJM)	Small	≤10 kW	\$90.26	140%
	Large	>10 - 25 kW	\$90.68	146%
		>25 - 100 kW	\$77.46	139%
		>100 - 200 kW	\$61.01	134%
		>200 - 500 kW	\$53.95	132%
		>500 - 2,000 kW	\$45.53	120%
	Community Solar	≤10 kW	\$107.45	138%
		>10 - 25 kW	\$99.43	1410%
		>25 - 100 kW	\$79.15	140%
		>100 - 200 kW	\$65.05	136%
		>200 - 500 kW	\$59.79	138%
		>500 - 2,000 kW	\$38.62	95%
		Co-located systems exceeding 2 MW in aggregate size	\$35.43	98%

# Questions From Withdrawn Draft Second Revised Long-Term Plan



- **In Section 6.4 of the now-withdrawn Second Revised Long-Term Plan, the Agency specifically sought feedback on the following topics related to the REC Pricing Model:**
  - 1. Updated Inputs:**
    - The level of the federal Investment Tax Credit
    - Costs from a national cost benchmarking study
    - AC/DC ratios based on applications received
    - Current net metering values
    - Community solar interconnection costs
  - 2. Capacity factors that varied by project type and group; based on an analysis of project applications received by date.**
  - 3. For smaller sized community solar projects, data from distributed generation project capacity factors were used as a proxy.**
  - 4. Community solar interconnection costs based on a survey of community solar projects currently accepted in the program.**
  - 5. Feedback on inputs that were not updated including those related to financing structure (e.g., debt ratios and project financing interest rates), internal rates of return, and O&M costs.**

# New Considerations

- **New issues for feedback :**

6. With the increase in Small DG to up to 25 kW, should there be a single Small DG price for each Group, or should there be size categories like there are for Large DG and community solar (e.g., an up to 10 kW price and a over 10 kW to 25 kW price)?
7. With the expansion of maximum project size to 5 MW, what additional price categories should be added for projects over 2 MW? Is one category for 2 MW to 5 MW projects sufficient?
8. Should changes to the Illinois net metering statute inform the REC pricing model's assumptions for revenues that a project receives from net metering? If so, how should the model address those changes?
9. The Agency previously issued a request for stakeholder feedback on the cost of compliance with prevailing wage requirements as part of the Adjustable Block opening process. Are there other significant cost adjustments that should be considered that were not reflected?

# New Considerations, continued

6. **What additional cost considerations should be included for:**
  - Public schools
  - Community-driven community solar
  - Equity Eligible Contractor projects?
  - Should any of these be adders rather than adjustments to the base REC price (e.g., an adder for rooftop community driven community solar projects)?
7. **With a 50% minimum commitment for small subscribers now a statutory provision, should the small subscriber adder be removed and instead subscriber management costs be factored into baseline community solar prices?**
8. **Price adjustments for community-driven community solar projects to cover less economically efficient approaches to subscriber acquisition, subscriber management, project location, and other criteria for project selection?**
9. **How will the option for utility-billing for community solar subscription fees impact subscriber management costs?**

# Additional Questions or Comments?

**Reminder:**

**Afternoon Session starts at 1:00 PM**

**Written comments due December 3. Please send to:**

**[IPA.Contactus@Illinois.gov](mailto:IPA.Contactus@Illinois.gov)**