



Illinois Power Agency Power Hour Webinar 2

CEJA's Impact on Adjustable Block Program

Agenda

- **Introduction and Scope of the IPA Power Hour Webinars**
- **ABP Under FEJA (Public Act 99-0906)**
- **Successes And Challenges to Date**
- **Key Changes to ABP Under CEJA (Public Act 102-0662)**
- **Category by Category Requirements**
- **ABP Block Reopening**
- **Long-Term Plan Development and Approval**
- **Q&A**
- **Closing**

IPA Power Hour Webinars

- **Introduction and Scope**
- **Power Hour is a newly launched series of educational and informative presentations on a wide range of clean energy topics and emerging issues**
- **Today's Power Hour:**
 - **We'll discuss success and challenges of the Adjustable Block Program to date and how the recently enacted Climate and Equitable Jobs Act (Public Act 102-0662) impacts the Adjustable Block Program**
 - **Future IPA Power Hour Webinars will cover other topical areas impacted by Public Act 102-0662**

• Introduction and Scope

- We will not cover items from P.A. 102-0662 related to:
 - Stakeholder feedback processes related to the Adjustable Block Program opening and the Revised Long-Term Plan development
 - Specific program or procurement requirements
 - Issues outside the purview of the IPA such as:
 - Changes to ratemaking
 - Changes to net metering
 - Grant programs established and administered by the Department of Commerce and Economic Opportunity
 - Clean energy workforce hubs
 - Electric vehicle and transportation incentives

IPA Power Hour Webinars



- **Upcoming Webinars**

- **IPA Power Hour Webinar 3:** *CEJA's Impact on Illinois Solar for All*, Friday, November 12, 2021; 12pm-1pm CDT
- **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

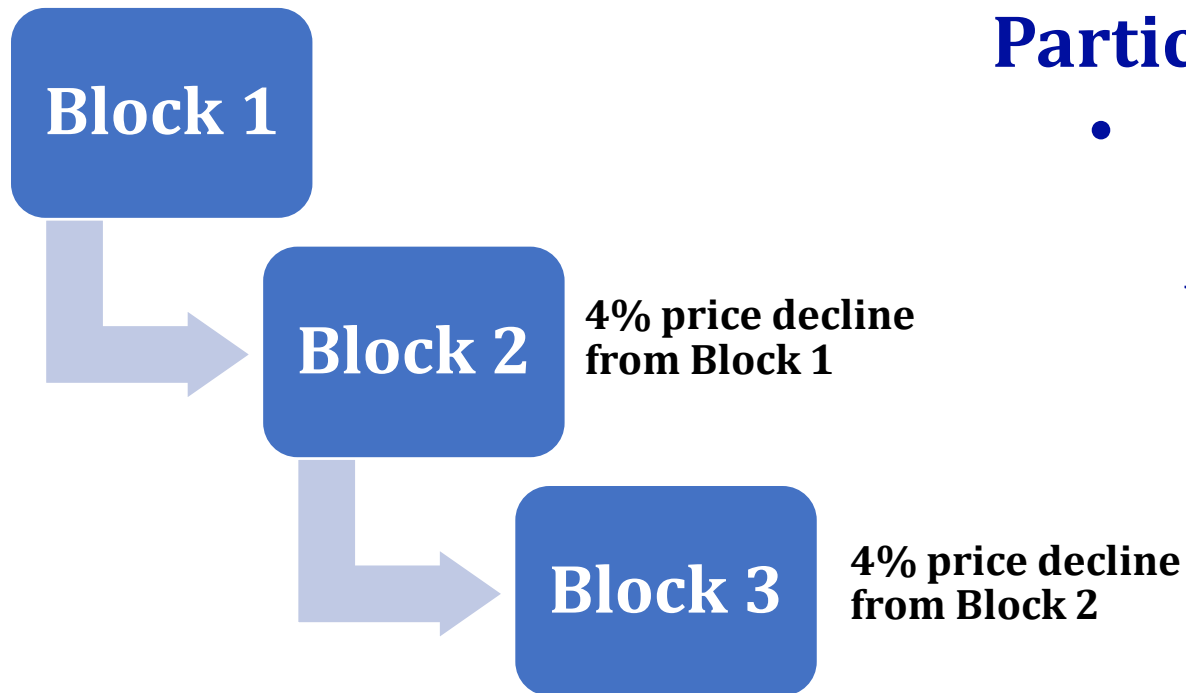
- **Independent State Agency created in 2007**
- **Agency duties include**
 - **Development and implementation of procurement plans for electricity supply for default service customers**
 - **Development and implementation of other procurement plans such as those to support at-risk nuclear plants (e.g., for Zero Emissions Credits and Carbon Mitigation Credits)**
 - **Implementation of the Renewable Portfolio Standard**
 - **Development of Long-Term Renewable Resources Procurement Plan**
 - **Conduct competitive procurements for utility-scale projects**
 - **Manage programs for community solar and solar for homes and businesses**

ABP Under FEJA (Public Act 99-0906)

What is Adjustable Block Program (ABP)?

Declining Block Structure

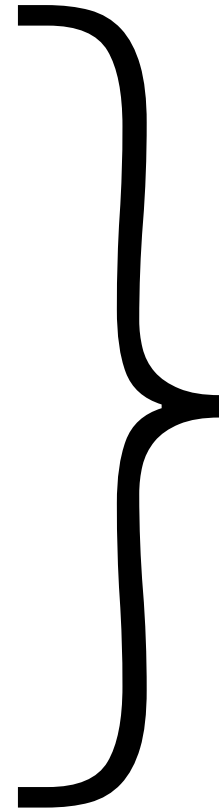
- As capacity for 1st block is filled, continue to 2nd block and so on



Participation through Approved Vendors

- Illinois residents participate in the Program with the help of Approved Vendors

All ABP Projects



Group A (Ameren + MISO)

- Small DG
- Large DG
- Community Solar

Group B (ComEd + PJM)

- Small DG
- Large DG
- Community Solar

What is Adjustable Block Program (ABP)?

- **Contrast to what Agency had before (competitive procurements)**
 - **Previously:** Supplemental Photovoltaic (“SPV”) program
 - **Now:** Blocks of capacity with set REC prices
 - **Future of Program:** To be discussed later in presentation
- **Set REC prices in ABP provide stability to the market**

FEJA (Public Act 99-0906)

Program Structure as outlined by FEJA

- **Project Categories:**
 - *Small Distributed Generation (<10kW AC)*
 - *Large Distributed Generation (10-2,000 kW AC)*
 - **Community Solar**
- **Initial capacity for each category:**

	Small DG	Large DG	Community Solar
Group A (Ameren territory)	49.5 MW	49.5 MW	49.5 MW
Group B (ComEd territory)	117 MW	117 MW	117 MW

FEJA (Public Act 99-0906)

Program Structure as outlined by FEJA

- **Discretionary Capacity (Block 4) in MW:**

	Small DG	Large DG	Community Solar
Group A (Ameren territory)	0	91.5 MW	12 MW
Group B (ComEd territory)	0	33 MW	30 MW

Program Structure as outlined by FEJA

- **REC Contract**
 - Payments for RECs are made to Approved Vendors for the production of their customers' solar systems through a contract called the REC contract
- **Different contract payment terms by project category**
 - **Small DG:** Full contract amount paid upfront upon Energization
 - **Large DG:** 20% upfront payment, then rest of expected payments made across next 4 years of contract
 - **Community Solar:** 20% upfront payment, then rest of expected payments made across next 4 years of contract

Development of REC Prices for ABP

- **Administratively Set in accordance with the Illinois Power Agency Act (20 ILCS 3855)**
- **Addressed via Long-Term Renewable Resources Procurement Plan (LTRRPP)**
- **National Renewable Energy Lab's *Cost of Renewable Energy Spreadsheet Tool* ("CREST") modeling approach**

Successes and Challenges to Date

Program Blocks - Community Solar

- **Oversubscription of Community Solar**
 - Huge interest at Program opening filled capacity
 - Massive waitlists that wouldn't be filled
- **Community solar mostly large, agrarian, transactional**
 - Good subscription offers (cost savings), but not community-based

- **DG categories operated like a declining block program & continued to be open as planned**
 - **Especially true of Small DG, which stayed open for a while**
 - **Last block for both Group A and Group B closed in December 2020**
 - **Last block for both Group A and Group B Large DG closed in March 2020**

Program Timeline

- **2018 – Scoping and implementation of ABP begins**
- **January 2019 – Program opens**
 - **Community solar blocks are quickly filled**
- **December 2020 – Small DG and Large DG blocks filled**
- **Dec. 2020 – Sept. 2021 – Program awaits funding for new blocks of capacity**
- **September 2021 – CEJA passed allowing for new blocks to open on December 14th**

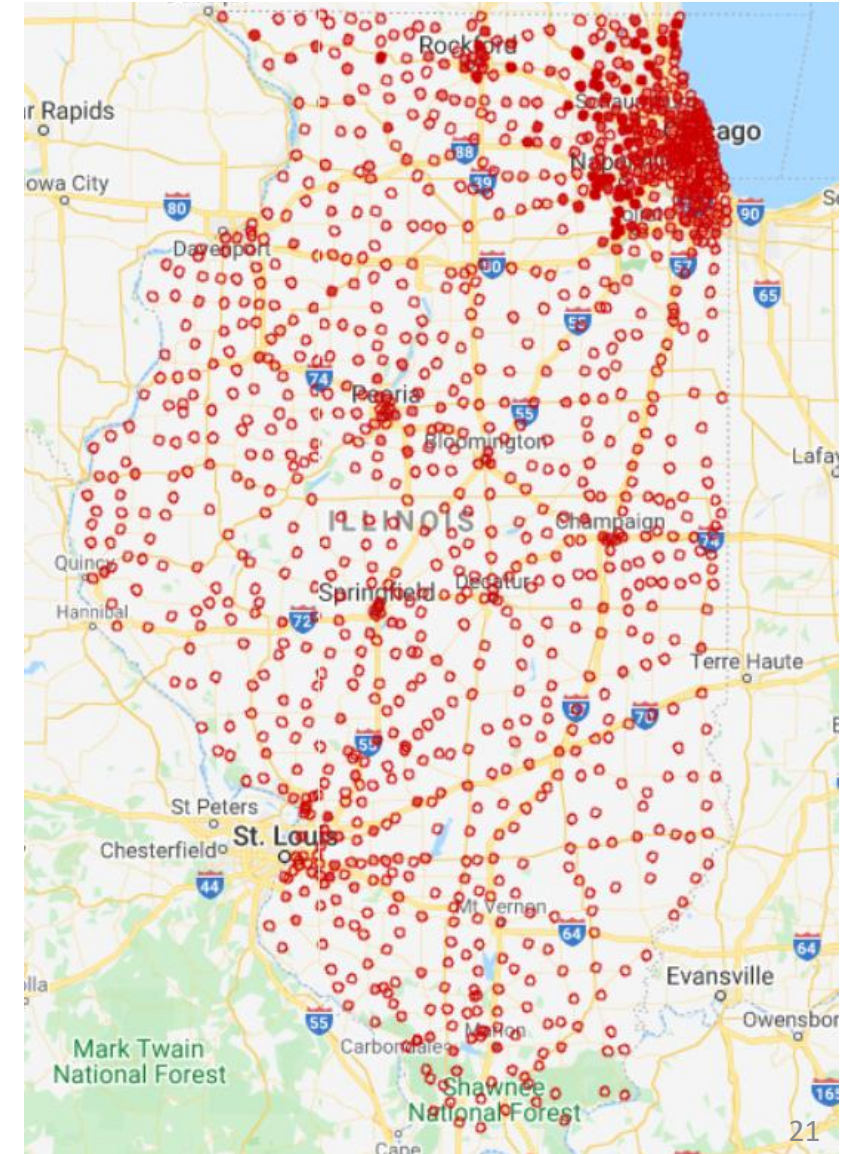
- **Funding Issues**
 - Inability to roll over collections under Section 16-108(k)
 - Resultant freeze on supporting additional projects
 - Efforts to figure out what to do if insufficient funds remained for 2021-22 delivery year (i.e., if no bill passed)
- **Funding Fix**
 - Passage of CEJA on September 15, 2021

Program Impact

- **Program has led to the development of over 670 MW of new solar in Illinois**
 - **Large DG**
 - 2,426 projects
 - 296 MW
 - **Small DG**
 - 23,513 projects
 - 169 MW
 - **Community Solar**
 - Over 13,000 subscribers to ABP community solar projects
 - 48 of 111 approved Community Solar projects have been energized to date
 - 214 MW

Program Impact

- **REC targets met!**
 - **1,000,000 RECs by end of 2020 delivery year met through REC contracts**
- **Good general geographic diversity of projects across the state**
- **Over 300 Approved Vendors active in the Program**



Key Changes to ABP Under CEJA (Public Act 102-0662)

Changes in ABP Scale

- **RPS budget**

- From 2.015% of 2007 rates to 4.25% of 2009 rates with capacity
- From ~\$230m to well over \$500m

- **REC delivery targets**

- 45,000,000 RECs from new projects delivered annually by 2030
- No longer 1m, 1.5m, 2m ABP targets
- If 55% from solar, and 50% of solar from ABP, then 12.375m
 - But need to back out existing contracts and work
- Even just 10,000,000 RECs delivered annually = 6500+ MW

- **Long-Term Plan role**

Changes in ABP Structure

- **Three to six categories (with size changes to some)**
- **New focuses**
 - **Specific project types**
 - **Equity block**
- **Different contract terms**
 - **No more either full up-front (Small DG) or 20% up-front and remaining 80% across next four years (Large DG and CS)**
- **No discretionary capacity**
 - **uncontracted capacity is allocated to waitlisted projects from other categories**
- **Annual block structure**

Diversity and Equity Focus in New ABP

- **Dedicated block for EEC applicants**
- **Workforce requirements after long-term plan**
- **Data reporting**
- **Diversity report**
- **Disparity study**

New ABP Labor Requirements

- **Prevailing wage applicable ABP categories**
- **Prevailing wage exceptions**
 - **Residential Projects**
 - **Houses of Worship**
 - **Waitlisted Large DG projects**
- **New Constructed Projects not on waitlist?**

New ABP Categories

Category by Category Review

ABP Small Distributed Generation

- **Change from 10 kw to 25 kw max size for qualification**
- **“at least 75 MW” capacity on Reopening**
- **Price 4% below last published prices for reopening**
- **20% of ABP capacity going forward**
- **Full up-front payment for both block reopening and after**
- **Prevailing wage for non-residential (some portion of sub-25 kW projects)**

ABP Large Distributed Generation

- **25 kw to 5 MW (both different than before)**
- **“at least 75 MW” capacity on Reopening**
- **REC pricing for Large DG**
 - Price 4% below last published block prices for waitlisted projects
 - New published adjusted to account for prevailing wage for non-waitlisted projects
- **Program Capacity of Large DG**
 - 20% of ABP capacity going forward
 - May create subcategories within that 20% based on customer type
- **Contract Structure**
 - Waitlisted projects feature 15 year contracts with 20% up front paid over 4 years
 - Non-waitlisted projects are 15% up front, remainder over 6 years
- **Prevailing wage**
 - Waitlisted projects expressly exempted from prevailing wage
 - Non-waitlisted fall under (Q)(1)

ABP “Traditional” Community Solar



- **Project Qualification**
 - Only waitlisted projects on reopening (first two years), thus 2 MW limit
 - Community solar projects up to 5 MW thereafter
- **250 MW capacity on reopening (two years of blocks)**
 - Capacity awarded based on ordinal waitlists
 - Projects may be resized and later substituted
- **REC Pricing**
 - Prices 10% lower than last published block prices on reopening
 - 50% small subscriber commitment
- **Program Capacity of Community Solar**
 - 30% of ABP capacity going forward
 - New project applications begin with year 3 however
- **Contract is for 20 years of REC deliveries, paid upon delivery**
- **Prevailing wage**
 - Express application of prevailing wage to waitlist
 - (Q)(1) applies thereafter

ABP Public Schools Projects

- **Project Qualification**
 - Project must be located at public school
 - No specification of DG or CS
- **“at least 50 MW” capacity on reopening**
- **Last Large DG block price on Reopening**
- **Program Capacity of Public Schools Projects**
 - 15% of Program Capacity going forward
 - “Projects located within environmental justice communities or within Organizational Units that fall within Tier 1 or Tier 2 shall be given priority” within that 15%
- **Contract is for 20 years of REC deliveries, paid upon delivery**
- **Prevailing wage applies under (Q)(1)**

- **Qualitative Criteria for Scoring Process for qualification**
 - **Begin with last long-term plan criteria for reopening**
 - **Shift into statutory criteria**
- **“at least 10 MW” for “first block of annual capacity”, but 2 years of capacity reopen**
- **No statement in law re: pricing upon reopening**
- **5% of Adjustable Block Program capacity going forward**
- **Contract features 15% up front, remainder over 6 years**
- **Prevailing wage applies under (Q)(1)**

ABP Equity Eligible Contractor Block

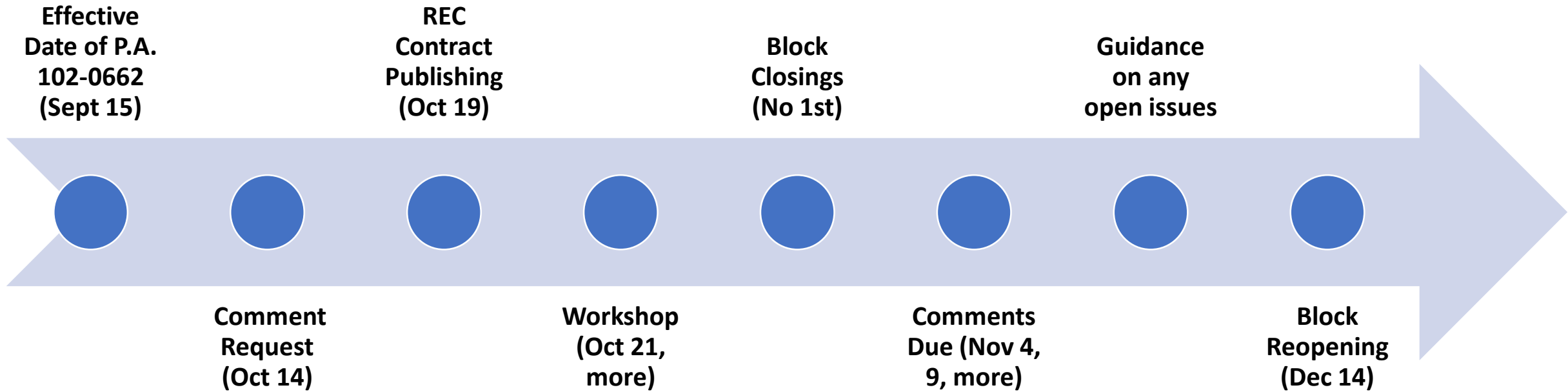


- **Qualification for Block**
 - Applicant must be an “equity eligible contractor”
 - System can be distributed generation or community solar post-reopening
- “first two blocks of annual capacity” shall be for “at least 75 MW total capacity”
- Pricing on Reopening shall be 4% below last open Small and Large DG blocks
- “at least 10%” of Program capacity going forward, but can climb up to 40%
- Other category pricing and contract structure applies, but with eventual predevelopment capital advancement
- Prevailing Wage applies via other category qualifications found in (Q)(1)

Adjustable Block Program

Block Reopening

ABP Block Reopening Timeline



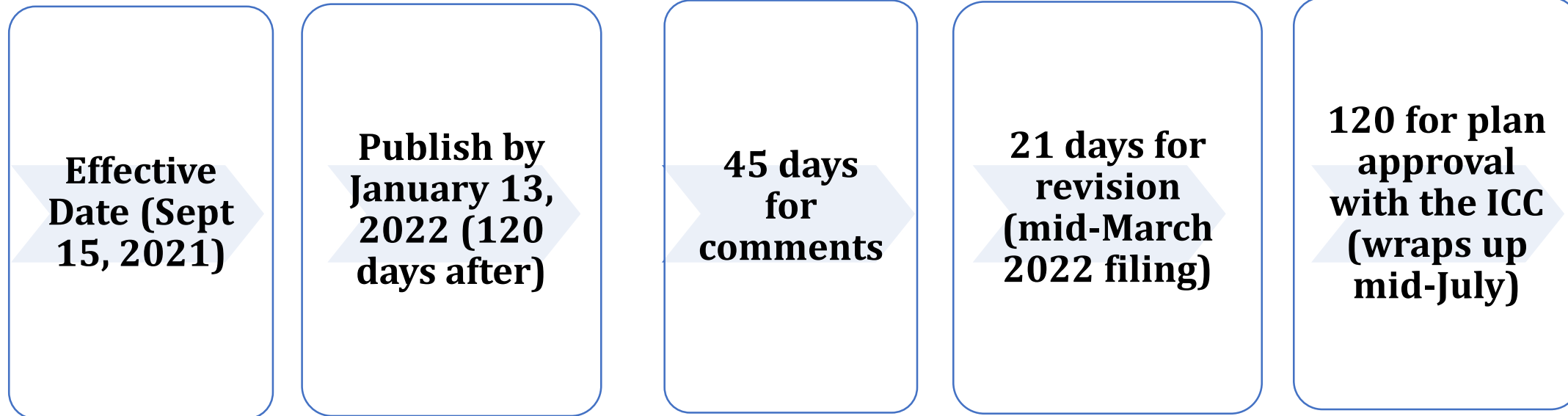
ABP Reopening Comment Processes



- **Program reopening processes**
 - Proposed Residential and House of Worship Classifications
 - Equity Eligible Contractor Proposed Process (Corrected Oct. 21)
 - Prevailing Wage Requirement Proposed Process
 - Public School Projects Category
 - Proposed Process for Collection of Demographic and Geographic Data
 - Proposed REC Prices for Large DG Category Non-waitlisted Projects
 - Community Driven Community Solar
- **REC delivery contract process**
 - Two contract forms, one process
- **Community Solar Waitlist Allocations (not yet published)**

ABP & Long-Term Plan Development

Long-Term Plan Development



Key ABP Issues for Long-Term Plan

- **REC pricing model**
 - Last Plan approaches
 - Prevailing wage
- **Future block quantities (and thus overall ABP size)**
 - Annual block model
 - Budget/target interaction
- **Community-driven community solar**
 - Different approach than reopening
 - Mandatory plus optional criteria
- **Consumer protection (future webinar)**
- **Predevelopment capital for EEC block (future webinar)**
 - What is the right balance?
 - What is the right qualification criteria?

Questions & Answers

**For Project-Related Questions:
Contact the ABP Program Administrator at
Email: admin@illinoisabp.com
Phone: (877) 783-1820**