

PART I: Renewable Energy



WHAT'S THE BIG DEAL?

The legislation will jump-start renewable energy development in Illinois.

The state's Renewable Portfolio Standard (RPS) contained structural issues that prevented new renewable energy from being built the past five years. The Future Energy Jobs Bill addresses the structural deficiencies of and improves Illinois's RPS. It keeps the existing goal of 25% renewables in Illinois by 2025 and the existing 2% cost cap on rates that customers have

been paying for renewable energy for years, but redirects that money to go toward building new projects, rather than buying cheap credits from projects already paid for by customers in other states. It will bring between \$12 and \$15 billion in new private investment into Illinois – without raising electricity rates.

WHAT TO EXPECT AND WHEN?

Separating the charge on the bill: Starting June 2017, customers will now see the costs for renewable energy directly on their bill. Previously, the funding was hidden in separate charges by utilities, retail electric suppliers, and money collected by the state, and almost none of it was spent on building new renewables. The cap on rate impacts, up to \$240 million per year, stays the same as it is today.

Protected funds: The renewable energy funds collected on bills will no longer be deposited in state accounts, which are subject to "sweeps" by the Illinois General Assembly. The money will now be held and contracted by the utilities at the explicit direction of the independent Illinois Power Agency to ensure cost-effectiveness, competition, and a guarantee that contracts will be paid.

Initial large-scale renewable energy procurement: In fall 2017, the Illinois Power Agency (IPA) will do an initial up-front auction for 325 MW of new wind farms and 750 MW of new solar farms to be built in Illinois.

Wind procurement: By 2030, at least 1,300 MW of new wind power will be built in Illinois. That's almost 650 new wind turbines throughout the state procured through 15-year contracts. Future procurements will likely take place in 2019, about two years after the initial large-scale procurement.

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Solar procurement: By 2030, at least 3,000 MW of new solar power will be built in Illinois, or roughly 12 million solar panels throughout the state. At least 50% of solar built under the legislation has to come from “distributed” solar installed by homes and businesses.

- **New rooftop solar incentives:** In winter 2017-2018, the IPA will launch the state’s first-ever “Adjustable Block Incentive,” which is an upfront payment to homes and businesses to help with the cost of installing rooftop solar. The incentive is a single payment to a home or business in exchange for 15 years of renewable energy output from the panels (Renewable Energy Credits), with the amount designed to get lower over time as more solar is installed and costs come down.



- **Community solar:** By winter 2017-2018, Illinois’ first-ever community solar program will be up and running. Community solar allows people to subscribe to a shared project in their community, and have the energy output of that project rolled off their own electric bill through [virtual net-metering](#). That means those who can't or don't want to install solar on their roof, like people who live in apartment buildings, could subscribe to a solar project at a local church, school, or business and get the benefit on their own electric bill.
- **Large-scale solar:** By 2030, at least 40% of solar built under the legislation has to come from large-scale solar farms in Illinois. That will mean 1,200 MW of new solar farms in all corners of the state procured through 15-year contracts. Future procurements will likely take place in 2019, about two years after the initial large-scale procurement.
- **Brownfield solar:** By 2030, at least 2% of solar built under the legislation (about 60 MW) must come from projects located on formerly contaminated sites, restoring them to use. Procurements will likely take place in 2019.

Illinois Solar For All program: As part of its Long-Term Plan Process, the IPA will design the new Illinois Solar For All program, a nation-leading, comprehensive low-income solar deployment and job training initiative that will open up access to the solar economy for millions of low-income families.

- Starting in 2018, about \$200 million – which customers have already paid on their electric bills for renewable energy, but is sitting in a state fund unable to be spent on renewable projects – will now be unlocked. The money will be spent on incentives for rooftop solar on low-income households, community solar that benefits low-income subscribers and communities, and rooftop solar on

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non-profits and government agencies that serve low-income residents, all connected to job training partnership programs.

- An additional \$10 million annually will be directed from the renewable budget to the Illinois Solar For All program, as well as \$30 million provided to community training programs through 2030.

Prioritization: Although it is anticipated to funds will be available to meet every target and goal, the IPA will use the following priority order for renewable funds collected from customers:

1. To pay existing contracts;
2. To fund the Illinois Solar For All program;
3. To fund the 4,300 MW of “new build” required under the legislation; and
4. To procure any further renewable energy to meet the 25% Renewable Portfolio Standard targets.

Grandfathering: Alternative suppliers that have been providing renewable energy to Illinois customers with actual renewable projects are able to grandfather in those projects, so long as the total exemptions don't impact more than 9% of the renewables budget.

Upcoming rooftop solar procurement: In the spring and fall of 2017, the IPA expects to use up to \$30 million in funding already paid by customers to do an auction for new rooftop solar projects. That will help avoid a chill in the market as developers wait for the new incentives to appear.

Long-Term Plan Process (next key decisions for stakeholders): Starting in June of 2017, the IPA will begin developing its first Long-Term Renewable Resources plan, which will design the mechanics of how it will buy and incentivize renewable development until 2030. It is through this process, which is expected to involve many stakeholders, that most policy decisions on renewables will be developed.

Net metering stays: Net metering, the policy that lets those with solar get paid for providing excess energy to the utility, will continue as is until we deployment hits the existing cap, which is 5% of the load of the grid. Under a previous version of the bill, that net metering provision would have gone away immediately. Those who get net metering before the 5% cap will continue net metering for the life of their system. We are at less than 0.01% of the net metering cap today.

New solar rebate: Starting in June 2017, all new business and community solar projects will be eligible to receive an up-front \$250/kW rebate from utilities ComEd and Ameren to compensate them for the value solar provides to the distribution grid. The other procurements in the legislation and renewable energy credits are provided for the value those technologies provide to the environment. But more solar also can improve reliability on the grid that serves our homes and businesses, and avoid new, costly investments in wires and substations. After the net metering cap is reached, likely within the next five years, rooftop solar owners will instead get a solar rebate developed as part of a process at the Illinois Commerce Commission to account for their location, time, and performance-based values to the grid.