

## Clarification Regarding Allocation of RERF and Utility Funds During ILSFA Project Selection

The Program Administrator recently received an inquiry regarding application of the Project Selection Protocol to the September 9, 2020 project selection process. This inquiry specifically concerned the process by which projects are allocated to either utility funding or funding from the Renewable Energy Resources Fund (“RERF”) when the value of initial applications exceeds the sub-program budget. This communication is intended to clarify application of the Project Selection Protocol.

On September 9, 2020, the Program Administrator conducted the Illinois Solar for All’s Non-Profit/Public Facilities sub-program project selection process based upon the [Project Selection Protocol](#) during [a live webcast](#) and published a [list](#) of the selected projects along with each project’s funding source. Two projects were selected in the final General selection stage and one each was allocated to RERF and utility funding. However, both projects exceeded the remaining budget for each funding source. Thus, under the Project Selection Protocol, the Approved Vendor for each project would need to make a resizing decision -- a decision whether to resize the system, to accept a partial award, or to decline the available funding. Three other projects were not selected and were placed on a rank order waitlist, and those Approved Vendors would have the option of accepting the remaining funding in the funding source should one or more selected project(s) decline to resize their project.

The inquiry received by the Program Administrator proposed different allocations of projects between the funding sources than what was reflected in the published list. Under those different allocations, the final project allocated to RERF funding would not require resizing and small amounts would remain in each funding category, including a de minimis level of funding available for the final selected project allocated to utility funding.

The Program Administrator and Illinois Power Agency (“IPA”) believe that a different project allocation approach than was employed on September 9, 2020 would be inconsistent with the Revised Long-Term Renewable Resources Procurement Plan (“Revised Plan”) and the Project Selection Protocol. Specifically, the Revised Plan states that, “[f]or each of the three non-competitively procured sub-programs, approved project applications within a program year will be first funded by the utility funds, and then by the RERF funds.”

In applying this framework, the Project Selection Protocol developed with stakeholder feedback in light of the Revised Plan states that, “[i]f at any point, in the prioritization processes, a selected project is larger than the remaining annual sub-program budget allows,” a procedure is triggered that uses the *utility budget funds first, then* the RERF budget funds, and then the resizing/decline options.<sup>1</sup> The “if at any point” phrase indicates that the funding allocations take place during the three distinct prioritization processes—the Environmental Justice, Low-Income, and General selection stages—with orders established during each of those stages. The IPA and Program Administrator believe this process was faithfully followed during project selection, and deviation from the published Protocol procedure in response to a particular randomized outcome would be inappropriate.

The Project Selection Protocol was updated prior to the 2020-2021 program year. During that update, the Program Administrator and IPA indicated that another review and update would occur prior to the next program year. Additional clarifications around this issue will be included in the next update to these protocols; those will then be posted for stakeholder feedback and potentially revised again before a final protocol is adopted for the 2021-2022 program year. Should parties believe that changes to the Project Selection Protocol are warranted, that update process will provide an opportunity to provide suggested changes.

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<sup>1</sup> With the caveat that, prior to considering resizing, “[i]f a project cannot fit into the remaining sub-program utility budget,” then “the Program Administrator will attempt to allocate it to the remaining sub-program Renewable Energy Resources Fund (RERF) budget.” This process occurred for the penultimate project selected. That project was allocated to the RERF, and the final project selected was allocated to utility funding, as all RERF funding was fully allocated.