Illinois
Solar for All

FAQ: Illinois Solar for All RPS Funding

Q. According to the IPA's December 28, 2020 RPS Funding and Budget Update, RPS-related expenses for the 2021-22 delivery year are projected to be greater than available funding. If we hold an Illinois Solar for All REC delivery contract that is due to receive payments in the 2021-22 delivery year, what risks do we face? Are those risks limited only to REC delivery contracts with a utility counterparty? Is the utility-funded portion of the 2021-22 ILSFA budget at risk of not being funded? Is the $10 million to be allocated to job training programs at risk? How are the IPA and other parties working to address these risks?

A. As described in the IPA's RPS Budget and Funding Update, projected 2021-22 delivery year expenses are indeed estimated to exceed available funds. The IPA's latest analysis, included in its filing with the Illinois Commerce Commission on March 3, 2021, demonstrated a projected ~$52 million statewide gap between RPS expenses and available funds for the 2021-22 delivery year ($372.4M in expenses versus $325.7M in funds). As a consequence of this funding differential, holders of REC delivery contracts may indeed face payment reductions for the 2021-22 delivery year to ensure that RPS expenditures do not exceed a statutorily-mandated RPS budget cap. Please note that this concerns only expenses for utility-counterparty REC delivery contracts; REC delivery contracts featuring the IPA as a counterparty are paid out of the separate, state-administered Renewable Energy Resources Fund and would not be subject to payment reductions.

This challenge is currently being addressed in two ways.

- First, the IPA is optimistic that this problem can be solved legislatively through an act of the General Assembly extending the deadline by which prior years' collections can no longer be used. Two bills (HB 3822 and SB 2433) have been introduced in the 102nd General Assembly providing a narrow, targeted fix to RPS funding sufficiency for the 2021-22 delivery year. In addition, omnibus energy legislation—such as the Clean Energy Jobs Act or the Path to 100 bill—would provide larger, more structural changes to RPS budgeting that would also effectively address near-term RPS funding risks.
- Second, the IPA has petitioned the Illinois Commerce Commission to reopen ICC Docket No. 19-0995 (the ICC's approval of the IPA's Revised Long-Term Renewable Resources Procurement Plan) for authorizing a process to govern by

when and how REC delivery contract expenses would be reduced. In that filing, the IPA has proposed that payments be made as scheduled for the first six months of the 2021-22 delivery year before a payment reduction process is implemented. While relief from the Commission would not solve the problem of funding insufficiency, it would provide clarity and certainty to parties as to by when and how much any payments would be reduced if legislation addressing this issue does not pass.

Also in that filing with the ICC, the IPA is proposing that, first, existing ILSFA contracts be given payment priority such that any necessary payment reductions would not apply to ILSFA; and second, that the 2021-22 utility RPS budget allocation and job training funding be likewise prioritized. This is *merely a proposal*, however, and the 2021-22 ILSFA job training funding and general ILSFA program allocation (totaling ~$11 million) is indeed placed at risk through RPS funding insufficiency.

The IPA is hopeful that a targeted legislative fix can be passed as soon as possible; please note that the Illinois General Assembly's Spring 2021 legislative session is set to conclude on May 31, 2021. Additionally, the IPA has proposed a schedule on reopening to the Illinois Commerce Commission resulting in an administrative order by May 27, 2021. Should you have any additional questions, please contact IPA Chief Legal Counsel Brian Granahan (Brian.Granahan@Illinois.gov).