

# Response to Comments: Home Repairs and Upgrades Pilot

06.12.2023

## Overview and Response Summary

The Illinois Power Agency (the “Agency”) and the Program Administrator (the “Program Team”) published the proposed Illinois Solar for All (ILSFA) Home Repairs and Upgrades Pilot (the “Pilot”) on May 10, 2023, with a Request for Comments due on May 24, 2023. Three parties submitted written comments. The Program Administrator also held a webinar on May 17, 2023, to discuss the proposed Pilot and received questions and comments from stakeholders during the webinar. The Program Team has considered these written and webinar comments and is appreciative of the thoughtful input they provide. The updated Pilot proposal, now the final Pilot Design, is available, and the full comments on the proposal are posted on the [ILSFA website](#).

Comments have been summarized and addressed by the following topics: Repairs and Upgrades Expected Cost Caps, Reference List Repair Types, Repairs and Upgrades Warranty Coverage, Contractor Minimum Insurance Requirements, Consumer Protection, and Additional Comments.

## Repairs and Upgrades Expected Cost Caps

### ROOFING COST CAP

- *Three commenters and one webinar attendee noted the roofing cost cap may be insufficient to support the costs of repairs seen by contractors. One commenter recommends using a default cap of \$8,000 for roof plane repairs but up to \$12,000 for extensive repair needs, contingent upon documentation of such need (e.g., age of roof, number of layers of shingles, age and condition of house, evidence of unaddressed hail damage).*
- *Two commenters supported allowing projects to access the funds to address both electrical and roofing issues.*

The Program Team understands it is difficult to set a cost cap on roof work when roofing needs vary in severity by household. To address some of the uncertainty in the roofing work, the Program Team will increase the roofing cost cap to \$10,000, and the cost cap for electrical will remain at \$4,000. The cost caps are the maximum allowable amount for project costs under the electrical and roofing repair categories. These two categories of costs will allow the Program Administrator to organize the budget and project requests based on

actual needs. The Program Administrator will also track participation in this Pilot through the budget instead of counting REC incentives.

While we appreciate the suggestion of having two roofing caps and the potential for unexpected costs to arise during repairs, the Agency is not authorized to increase the amount of incentives once the REC contract has been approved by the ICC, and therefore cannot increase the incentive payment due to unexpected cost increases. Furthermore, given that this is the first year of this Pilot, the Program Administrator aims to identify the extent of home repairs and upgrades needed by eligible homeowners to participate in ILSFA. To do this, the Program Administrator will track those homes with repair and upgrade needs that do not end up participating due to costs that exceed the Pilot caps. Additionally, the Program Administrator will conduct surveys or interviews with the participating Approved Vendors at the end of the first year of this Pilot. Evaluating this data will provide insight into how the Program Administrator might improve the Pilot following its first year.

#### **BUDGET ALLOCATION**

- *One commenter suggests allotting 60% of the budget to electrical repairs and 40% to roofing repairs assuming electrical repairs will be the most popular repair types and will involve less risk for all parties involved.*

Although we assume the most popular repair types in this Pilot will involve electrical repairs, the Program Team will also use the Pilot to gain insight into the extent and frequency of the two categories of repairs found by Approved Vendors, which will inform potential future program design elements. Additionally, based on data collected by the Program Administrator, roofing repairs are typically more costly than electrical. Given this need for information and the differences in costs, the Program Team will not split the budget by repair types.

## **Reference List Repair Types**

#### **REPAIR TYPES AND PRICING**

- *One commenter recommended including cement or masonry as another category of repair types to address the need for backfilling a trench when electrical services are updated.*

At this time, the Program Team will not include cement or masonry as another category of repair types as it is not eligible as an electrical repair under this Pilot. The Program Administrator urges all Approved Vendors to track each occurrence of backfilling a trench, or other repairs directly related to electrical and/or roof work not covered by the Pilot, so the Program Team can consider the prevalence of those repairs when evaluating the Pilot following its first year.

- *One commenter questions the pricing for “Solar-Ready Roof Work” and suggests those repairs in Illinois range from \$4.50-\$10.00/sqft.*

The Program Team will maintain the Maximum Cost per Unit for “Solar-Ready Roof Work,” as up to \$200/sq. ft. This category includes minor roof repair work involving a leak, puncture, decking, or work directly related to the solar installation. Because these are localized and smaller repairs, Approved Vendors will be expected to request funding at this maximum per unit amount to cover smaller areas of the roof. If the minor repair needs exceed the “Solar-Ready Roof Work” maximum cost of \$3,000, the Approved Vendor should instead request funding and perform a full roof replacement. The Program Team expects project applications under this Pilot to submit costs below the listed maximum costs and will return applications that are improperly completed to allow the Approved Vendors to make corrections.

- *One webinar attendee commented the cost to upgrade the electrical service from 100a to 200a does not align with the market value (proposed Reference List provided the following amounts: \$700 to \$1,000).*

The Program Team will update the maximum allowable cost to \$1,400 for the electrical service upgrade to 200a. This upgrade must be required to facilitate the solar interconnection and electrical safety concerns for the solar installation.

#### **APPROVED VENDOR COMPENSATION**

- *One commenter recommends the Program Administrator oversee the contractors involved in the Pilot by creating a network of contractors and handling the repair payments instead of the Approved Vendor.*
- *One commenter recommends the REC adder should include the carrying costs of the Approved Vendor associated with the additional delay in receiving REC payment.*
- *One commenter recommends the inclusion of compensation for the extra administrative work done by the Approved Vendor to set up a project under the Pilot.*

The Program Team has determined that creating and administering a network of contractors, including oversight of the contractors’ work and payment, for a pilot program is not feasible.

Also, while the Program Team understands the Approved Vendor’s administration of their contractors and the delay in receiving REC payments will add additional work and carrying costs to complete projects under this Pilot, these are not eligible expenses under this Pilot.

Further, the Program Team is unable to include compensation to the Approved Vendors for these changes in the work. The Program Administrator will survey the participating Approved Vendors at the conclusion of the Pilot’s first year to assess their involvement in the Pilot.

## Repairs and Upgrades Warranty Coverage

- *One commenter suggests a 1-year warranty on labor and to specify the minimum material warranties for both electrical and roofing.*
- *One webinar attendee suggested a 1-year warranty on material and labor for both electrical and roofing, and then defer to the manufacturer warranty.*

The Program Administrator will update the warranty requirements to a 1-year warranty covering both labor and materials for electrical and roofing repairs. Approved Vendors will also be required to provide customers documentation of the term and details of any manufacturer's warranty covering the materials or products used in the repairs.

## Contractor Minimum Insurance Requirements

- *One commenter and one webinar attendee commented the auto liability insurance can be expensive and would hinder a small contractor from participating.*

At a minimum, participants in this Pilot should carry any statutorily-required insurance coverage. For example, Approved Vendors should familiarize themselves with the insurance requirements that apply to roofing contractors pursuant to the Illinois Roofing Industry Licensing Act (225 ILCS 335).

The Program Team has made this change because it recognizes that participating Approved Vendors and contractors should have the flexibility to negotiate the allocation of risk (including insurance requirements) between themselves and because lower limits may be warranted, particularly for subcontractors only doing a portion of the work that is low risk. The Program Team also believes that this approach could better support the inclusion of small and emerging contractors in these projects, particularly smaller, lower-risk projects.

Further, regarding insurance coverage, the Program Team has determined that in order to ensure homeowners are adequately protected from the acts of the Approved Vendors and contractors that do work under the Pilot, both the Approved Vendors' and contractors' insurance policies must name each participating homeowner as an "additional insured", and must affirmatively waive any right to subrogation that the insurance carrier or any other party may have against any homeowner. Before beginning any work on a home under the Pilot, the Approved Vendor and each contractor will provide the applicable homeowner(s) with a certificate of insurance evidencing compliance with these requirements.

## Consumer Protection

- *One commenter recommends that the Program Administrator assume the role of collaborating and connecting with the contractors to ensure smooth communications with the program*

*participants. They also recommend collecting feedback from participants with an additional incentive to complete the survey or interview (i.e., \$25 gift card).*

The Program Administrator will maintain communications with the prospective participants during the repair process to ensure compliance and take proactive measures to avoid issues with the contractors. However, the Approved Vendor and/or contractor will still be expected to communicate the items as described in the Pilot Proposal to notify the participants of repair timelines and on-site work schedules.

The Program Administrator will conduct surveys and/or interviews following an individual's participation in the Pilot, whether successful or not, and will consider including a gift card to thank them for participating.

## Additional Comments

### DESIGN ELEMENTS

- *One commenter suggests including other design elements to provide help to those that are renters or live in multifamily building types.*
- *One commenter recommends using a foundational study to better understand the physical and mechanical conditions in the relevant homes for ILSFA projects.*

The Program Team understands the need to provide support to prospective participants who are renting or live in multifamily buildings. At this point, however, the Program Team will focus on owner-occupied income-eligible homes under the Residential Solar (Small) sub-program to assess the need for repairs on a subset of ILSFA participants in this first year of the Pilot. This Pilot was developed following stakeholder feedback and through litigation of the IPA's 2022 Long-Term Plan, which highlighted that the need for electrical and roofing repairs often prevents income-eligible residents from participating in ILSFA. A wide range of stakeholders provided input in the initial conceptual design of the Pilot, and none requested an independent study or special consideration of renters. The Program Administrator worked with Approved Vendors who understand the physical and mechanical conditions in the relevant 1-4-unit households to build out the implementation approach. Thus, a general understanding of the scope of need present in the Illinois income-eligible housing stock was included in the design of this Pilot; however, this Pilot will allow the Program Administrator to gather additional information on the extent and frequency of home repair needs. The Program Team will evaluate those findings after the first year and reassess how the Pilot and/or the sub-programs function to better address home repair needs.

The Agency will conduct stakeholder feedback requests during the summer of 2023 as it drafts its 2024 Long-Term Plan for release in mid-August 2023. Stakeholders are encouraged to provide thoughts on possible new program elements through that process for consideration in the IPA's 2024 Long-Term Plan.

- *One commenter asks: will the registered contractors have pricing requirements?*

There will be no pricing requirements for the contractors. At this phase of the Pilot, it is the Approved Vendor's responsibility to find and vet contractors to complete the necessary repairs, in consultation with the homeowner. The Approved Vendor and the contractor must agree to a price falling within the maximum costs for the Pilot or otherwise make arrangements to cover any additional costs in a manner consistent with ILSFA requirements. Some of the anticipated repair costs that are shouldered by an Approved Vendor and exceed the price caps under the Pilot may also be folded into a monthly lease or power purchase agreement (PPA) fee, as long as the Approved Vendor ensures that (a) the fees associated with the repair costs are listed in the "Any Other Fees" section of the ILSFA Standard Disclosure Form, and (b) the additional fees associated with the repair costs do not cause the agreement to violate ILSFA's participant savings requirements, wherein any ongoing costs and fees paid by the participant cannot exceed 50% of the value of energy generated by the participant's share of the photovoltaic system.

#### **APPROVED VENDOR CONSIDERATIONS**

- *One commenter feels there are not enough protections for the Approved Vendor and has four concerns:*
  - *A project cancellation of the solar system after completed repairs would make the Approved Vendor unable to recoup repair and administrative expenses from those projects.*
  - *This Pilot would extend timelines to evaluate and select ILSFA projects.*
    - *Will "scheduled energization" timelines be extended when a project is selected for this work?*
  - *The Approved Vendor will be required to do extensive work on the front end to ensure the cost, time, and scope of the work is below or equal to the cost caps. They would be unwilling to work on a project that could potentially exceed the cost cap.*
  - *If the repair project is not accepted or approved for these funds after the customer contract is signed, there is an added layer of risk and customer frustration that would result from the rejected project.*
    - *Would the Approved Vendors be granted reasonable leniency from any customer complaints that may arise from this?*

The Program Team appreciates the feedback on the risks and concerns from the perspective of the Approved Vendors. As with non-Pilot projects under ILSFA, Approved Vendors may include terms in their customer agreements to provide protection against actions by customers that are out of the Approved Vendor's control, such as a situation where a customer asks to cancel a project and be released from an agreement after repairs have been completed.

If there are delays during the Part I project review and selection process, this shift in the timeline will not impact the allotted 12-month installation period. The option to submit

extension requests for Residential Solar (Small) projects, following Section 8.6 of the Approved Vendor Manual, will be available to Approved Vendors submitting projects under this Pilot. The Program Team will not adjust the scheduled energization timelines for this Pilot at this time.

To address the concerns over the costs associated with the work done by the Approved Vendor, the Program Team has increased the cost cap for roofing work to \$10,000. Additionally, this Pilot is intended to gather information and test the possibility of completing electrical and roofing repairs known as barriers to on-site solar installations. However, it is possible that some repairs will not fit within the parameters of this Pilot. We hope to gather information about these situations to assist in the evaluation of the Pilot at the completion of its first year. If a project appears to potentially exceed the cost cap, we agree this project should not be submitted for this Pilot.

If a repair project is not accepted or not approved during the Part I process, either by the Program Administrator or the Illinois Commerce Commission (ICC), the Approved Vendor and contractor should not start or perform any repairs. It is recommended that the Approved Vendor ask the contractor to begin repairs after they receive ICC Part I approval to avoid loss of expense reimbursement.

The Program Administrator will take a pragmatic approach in any disciplinary decisions and consider the relevant circumstances that may arise that are out of the Approved Vendor's control that would cause customer complaints, such as from a rejected project.