Overview of the Future Energy Jobs Act

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About the Sierra Club

SIERRA CLUB
ILLINOIS CHAPTER

- The Sierra Club was founded by legendary conservationist John Muir in 1892 and is now the nation's largest and most influential grassroots environmental organization, with 3 million members and supporters.
- The Sierra Club has 64 local chapters nationwide, including the Illinois Chapter of the Sierra Club, which was formed over 50 years ago to explore, enjoy, and protect Illinois and its environment.
- Illinois Chapter has over 30,000 members in the State.
- Illinois Chapter staff and volunteers are working every day to protect our State's environment through activism on state and local issues, outings, politics, policy advocacy, and legislation.
- **Check out the Illinois Chapter's website if you want to get more involved. https://www.sierraclub.org/illinois**

What is the Future Energy Jobs Act?

- The Future Energy Jobs Act is one of the most significant pieces of clean energy legislation ever to pass the Illinois General Assembly.
- Result of nearly 2 years of negotiations between utilities, energy groups, consumer advocates, and environmental groups.
- Passed on December 1, 2016, signed into law on December 7, 2016, and went into effect on June 1, 2017.
- Now in the implementation phase.
- Some programs have recently started to roll out, and we will see more programs opening up later this year after the Illinois Power Agency's renewable resources procurement plan is finalized.

Overview of Future Energy Jobs Act

Energy efficiency:

- Requires Commonwealth Edison and Ameren Illinois, the state's two biggest electric utilities, to dramatically expand their energy efficiency programs and reduce electricity waste

Job training and payment help:

- Devotes $750 million to programs that provide training for new energy jobs and help consumers cut their utility bills and pay for energy efficiency upgrades

Renewable energy

- **25% renewable energy by 2025 and thereafter**
- **Requirements for new build of wind and solar in Illinois, including on-site and community solar, in order to promote equitable access to clean energy across the State**

Main Part of FEJA

- The 3 investor-owned utilities in Illinois must source a certain percentage of all retail electricity sales from renewable energy each year, **culminating in 25% from renewable energy by 2025 and thereafter**
  - **Known as the "Renewable Portfolio Standard" (RPS)**
- Utilities must meet the annual RPS targets via the purchase of renewable energy credits from renewable energy systems, using a secure budget of ~$200 million/year
- RPS Budget is funded through an existing 2% cost cap on consumer electricity rates

Will Spur New Wind & Solar Development

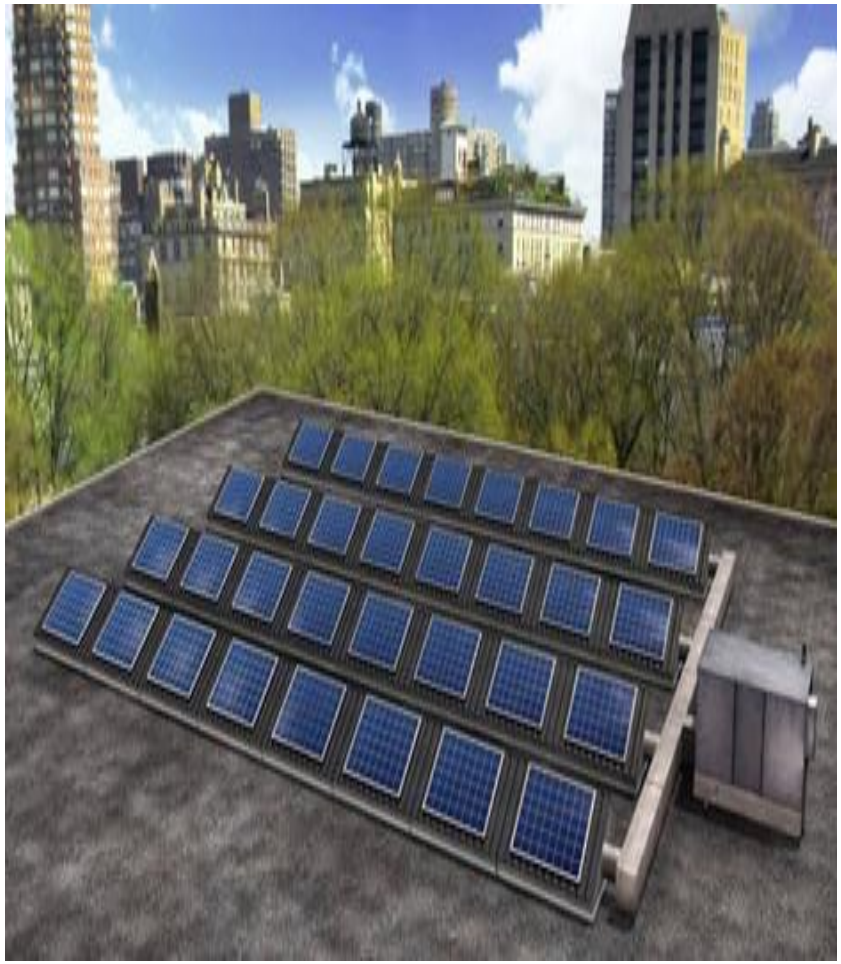
- Act requires at least **4,300 megawatts of new solar and wind power**—enough electricity to power millions of homes—to be built in Illinois by 2030
- Never before has Illinois had such a requirement for homegrown renewable energy projects
- WIND: Illinois currently has 4000 MW of wind power
  - ➢ **Under FEJA, additional 1300 MW of new wind power to be built = 33% increase**
- SOLAR: Illinois currently has 60 MW of solar power
  - ➢ **Under FEJA, additional 3000 MW of new solar power to be built = 5000% increase!**

Utilities must purchase Renewable Energy Credits ("RECs") from 3 diverse types of renewable energy development:

1. Utility-Scale & brownfield renewable energy projects
2. General market community solar and on-site solar projects **(Adjustable Block Program)**
3. Low-income community solar and on-site solar projects **(Illinois Solar for All Program)**

What is On-Site Solar?

- On-site solar is often called “distributed generation” or rooftop solar
- System is located **<u>on</u>** the customer’s property that the system services and directly powers their home or building
  - ➢ Residential on-site systems: System is on the homeowner’s roof or in backyard. A typical residential project is between 3-10 kW.
  - ➢ Commercial & Industrial on-site systems: System is on the business’ property, either on the roof or on the ground. A typical commercial project is between 10kW-2MW depending on size of business.

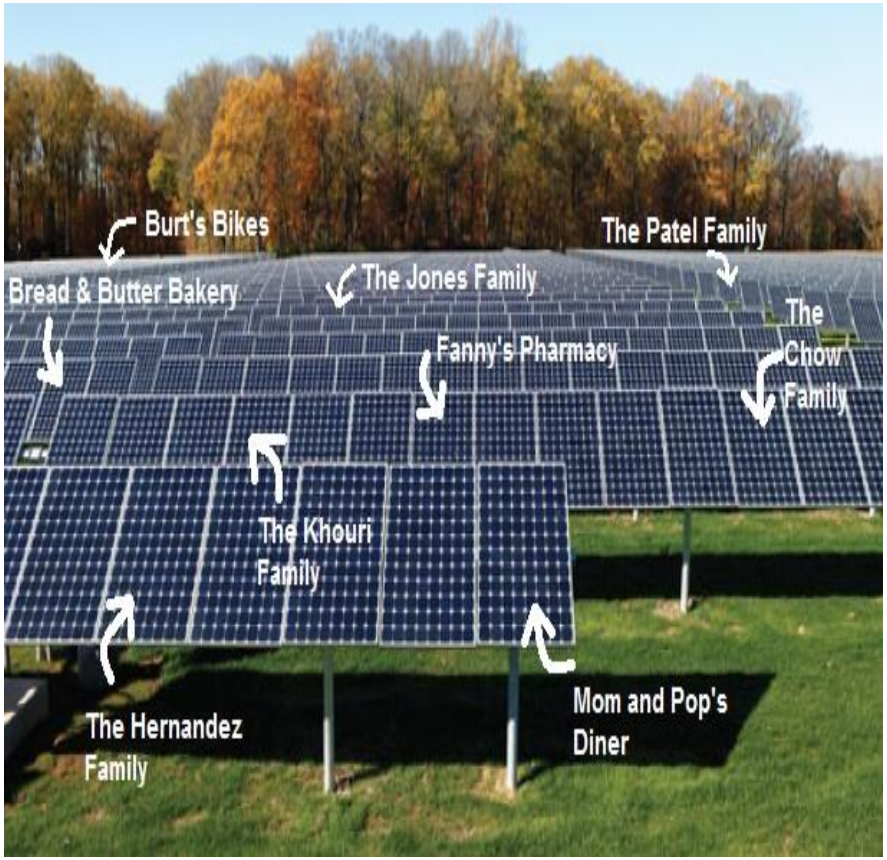


What is Community Solar?

- Community solar is often called “shared solar,” where the energy generated is shared by multiple entities (households, businesses, etc.)
- Systems do not have to be located near the entities they service, so suited for customers that can’t install solar on their roof or property
- Each entity pays for their partial interest in the system through a subscription fee and is credited for the energy produced by their share of the solar installation
  - ➢ Note: Pursuant to FEJA, a subscriber’s share cannot constitute more than 40% of the system’s energy capacity (so at least 3 subscribers per community solar project)

Characteristics of a good community solar location:

(1) 10-15 acres of land available (for projects up to 2 MW)
(2) Relatively flat land, no shading from nearby trees or structures
(3) Not in a wetland or floodplain
(4) Close to electrical grid infrastructure



1. RECs from Utility-Scale Projects

- Must be procured through a competitive bid process, so the project that offers the lowest price for their REC payment wins
- Projects must be over 2 MW (except brownfield projects can be any size)
- Projects must either be located in Illinois or in adjacent states to Illinois but only if additional public interest criteria is met
- Illinois Power Agency has already held first competitive procurement for RECs to be purchased from new utility-scale projects built after June 1, 2017:
  - ➢3 wind farms and 1 solar farm awarded, all in central/southern Illinois
  - ➢Construction expected to begin in 2019 or 2020

2. RECs from Adjustable Block Program

- Utilities purchase these RECs using an administratively-set payment structure, known as the Adjustable Block Program
- Projects are 2 MW or under and include on-site and community solar projects built after June 1, 2017
- Payments adjust based on which utility service territory the project is located in, size, and type of project
- For community solar projects, higher REC payment (called “adder”) for higher % of residential subscribers

3. RECs from Illinois Solar for All Program

- RECs are procured through a similar model based on the Adjustable Block Program but with additional requirements/incentives to ensure that economically disadvantaged communities are able to benefit
  - ➢ Lower bills for low-income customers – no upfront costs and any ongoing costs must be lower than expected energy savings
  - ➢ Incentive carve-out for environment justice communities
  - ➢ Coordination to hire trainees from ComEd solar job pipeline program
- Projects are 2 MW or under and include (1) on-site, (2) community solar, (3) nonprofit/public facility projects that are built after June 1, 2017
- For distributed generation projects, households must be verified as low-income
- For community solar projects, higher REC prices for portion of project that is subscribed to by low-income subscribers

Timing of Programs

- The Illinois Power Agency (IPA) released its *draft* Long Term Renewable Resources Procurement Plan on **September 29, 2017**
- IPA submitted its revised Filed Plan to the Illinois Commerce Commission (ICC) on **December 4th**
- An administrative legal proceeding is now underway and will continue until **April 3, 2018**, when the ICC must approve or modify the Final Plan – **exact REC prices and incentives will not be known until this time**
- Only "Approved Vendors" will be eligible to receive REC payments, and IPA intends to open the registration and training process for Approved Vendors approximately 2-3 months prior to the opening of programs
- The Adjustable Block Program for on-site and community solar projects will likely not open until **mid-2018**
- Illinois Solar for All Program won't start until sometime after – **Fall 2018?**
- Projects must be submitted for consideration to receive REC payments under Adjustable Block and Solar for All Programs – **project eligibility NOT guaranteed**
- Individuals, businesses, communities, and municipalities interested in solar projects may want to consider how best to partner with installers/developers who can best meet their needs and get in touch with reputable solar companies active in Illinois

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