

BOOST FOR SOLAR ENERGY IN ILLINOIS

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Governor Quinn recently signed into law amendments to The Illinois Power Agency Act aimed at promoting solar power in Illinois. Utilizing deposits in the Illinois Power Agency Renewable Energy Resources Fund, these amendments set up a procedure for the Illinois Power Agency (“IPA”) to apply up to \$30 million to fund a solar renewable energy credit (“SREC”) program. The Renewable Energy Resources Fund is comprised of clean energy fees paid by energy suppliers in Illinois and currently retains a substantial balance. This law takes effect immediately.

States with aggressive SREC programs, like California and New Jersey, have seen substantial solar energy growth over the past decade. To date, Illinois’ renewable energy generation is largely concentrated in wind farms scattered across the state. Nevertheless, Illinois has a few sizable solar farms in operation. These include the 10-megawatt Exelon City Solar installation located on a 41-acre brownfield in Chicago’s West Pullman neighborhood, Invenergy’s 20-megawatt Grand Ridge Solar Plant in LaSalle County and New Generation Power and Wanxiang America’s 3.5-megawatt facility at the Rockford International Airport.

The new law will support both commercial and residential solar development. The IPA will distribute information on SREC procurements to developers, conduct the qualification process and identify potential bidders to participate in the procurement. Each solar facility must be constructed by a properly qualified and experienced installer.

Upon approval of the final procurement plan, the IPA will manage a competitive procurement process with pre-qualified bidders submitting sealed bids for SRECs. These bids may come from owners of new or existing solar facilities. The awards will be made to qualified bidders based upon bid price and must not exceed the benchmark established by the procurement administrator. The law evenly allocates SRECs between solar facilities with 25kW or less in nameplate capacity and larger facilities, which may include those in operation and referenced above.

To ease the administrative burden, the IPA will solicit the use of third parties to aggregate distributed solar projects. In addition, the SREC program will offer contracts with at least five-year terms.

Within the next few months, the IPA will issue a supplemental procurement plan containing the details of the SREC procurement. The plan will include credit requirements for counterparties and bidding process procedures. After a 14-day comment period, the IPA will post a revised supplemental procurement plan. Within 90 days of its filing of the supplemental procurement plan, the IPA will issue an order confirming or further modifying the plan.

Long considered a wind energy state, this new law is a major step forward for solar power in Illinois. Solar developers have already begun canvassing the state for viable solar projects in Illinois. Many expect this new law to lead to extensive solar development in Illinois.