



Community Solar in Illinois

FACT SHEET

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What is community solar?

Illinois' new community solar program allows Ameren Illinois and ComEd electricity customers to enjoy the benefits of solar energy, even if they can't install solar panels on their own property. Many people can't afford to install solar panels on their own homes, don't have space or enough sun, and/or they are limited by local zoning laws. Community solar allows interested customers, or "subscribers," to help fund a solar installation—also called a community solar garden—in their area, and in return get credits on their electric bills.

For years, Illinois consumers with rooftop solar panels have been able to receive credits on their electric bills by sending excess renewable energy back to the power grid—a benefit called "net metering." Community solar projects would utilize "virtual net metering." A "host customer"—such as a home, business, or school—would recruit neighbors to invest money in a solar energy project. The neighbors who invest would then share electric bill credits generated by that project, based on the level of their financial contribution.

Until now, CUB and other advocates who worked to establish community solar programs in Illinois ran into roadblocks. However, the Future Energy Jobs Act, historic state legislation passed in December 2016, calls for 400 megawatts (MW) of community solar projects to be developed by 2030.

How does community solar work?

Under Illinois' community solar program, "subscribers" can enter into an agreement to help fund a solar energy installation in their community—on the rooftop of a local school or community center, for example. Any entity could organize a community solar project, including individuals, community groups, businesses, even utilities or alternative suppliers. Each subscriber then receives a credit on the supply section of his or her monthly electric bill for the electricity that was generated by the installation, in proportion to the size of the subscription they purchased.

For example, say you used 1,000 kilowatt-hours (kWh) of electricity in a month, and your share of the community solar project produced 200 kWh of electricity. That means you would receive a credit on your bill amounting to your supply rate multiplied by 200 kWh of electricity. Ultimately, you would only be responsible for paying the per-kWh electricity rate for the other 800 kWh.

You can subscribe to several solar panels in an installation. Depending on the kind of community solar plan you sign up for, you could pay one upfront fee, a monthly subscription fee, or a combination of the two.

What are the benefits?

Lower electric bills for subscribers: Customers who participate get credits on their bills for the electricity generated by the solar installation.

Lower electric bills for non-subscribers: Adding renewable energy to the power grid increases electricity supply, lessens the need for expensive, polluting power plants, and lowers market prices for all residents.

Greater reliability: By encouraging generation near the point of consumption, solar reduces strain on the grid, and that reduces system maintenance and repair and prevents costly "line losses," in which electricity is lost along the transmission and distribution system.

Reduced peak demand: Community solar adds more electricity to the grid, which would help reduce demand

What are the general requirements for the community solar program?

Under state law...

- A community solar installation has a maximum size of 2 Megawatts (MW) of electricity output—that's roughly 10,000 standard (2 x1 meter) panels.
- The minimum subscription per customer is 200 watts of electricity output—or approximately one solar panel.
- No individual subscriber can own or lease more than 40 percent of a project.
- Two state agencies, the Illinois Commerce Commission (ICC) and the Illinois Power Agency (IPA), have to sign off on any community solar contract.
- ComEd or Ameren is required to buy any energy output that hasn't been subscribed out.

Note: More specific rules applying to community solar projects are being worked out at the Illinois Power Agency.

during peak times—when prices skyrocket and power plants produce the most pollution. A 2007 Brattle Group study found that shaving peak demand by just 5 percent could lead to at least \$35 billion in savings nationwide over the next two decades. Reducing line loss and maintenance/repair costs is especially beneficial during these peak times.

Added financial benefit through selling Solar Renewable Energy Credits (S-RECs): A Renewable Energy Credit (RECs)—a measure of the environmental benefits of renewable energy—can be bought and sold on the energy market. Under the Future Energy Jobs Act, the state will purchase a community solar project’s RECs to meet Illinois’ renewable energy goals. (See below: What are S-RECs?)

Consumer education: Homeowners involved in solar tend to be more aware of, and therefore more conscientious about, their energy consumption. This awareness provides lasting benefits to all consumers since reducing energy consumption lowers costs for all consumers.

Community improvement: Community solar installations make efficient use of space that would otherwise be wasted, such as the rooftop of a school, or an eyesore, such as a “brownfield”—a former industrial site that remains vacant because it has environmental contamination. In fact, a community center could use the financial benefits of such a program to help fund a new roof to hold the solar panels.

Are there restrictions on who can participate?

No. Residential and business customers can participate as subscribers in community solar projects. Business and industrial customers could host a community solar site or develop a community solar project.

What if I move?

If you move to a new home, but stay within your utility’s territory, you can continue to subscribe to the community solar program. If you move out of the territory, you have to sell your share of the community solar project.

Does the power in a community solar project go directly to my home?

No, unlike a solar panel on your rooftop, there is no way to guarantee that the energy generated would power your home. The power could be used by the building that hosts the solar installation. Or, like most energy generated in Illinois, it could simply be sent to the grid the moment it is created, along with a thousand other sources of power—from coal plants to nuclear power plants to wind farms.

What are Solar Renewable Energy Credits?

“Solar Renewable Energy Credits,” or S-RECs, are a measure of the environmental benefits—such as reduced Greenhouse Gas emissions, for example—of a community solar installation. For every megawatt-hour of renewable electricity—in this case, solar power—produced, a Renewable Energy Credit is created. This REC can be sold separately to the state of Illinois, which, under the Future Energy Jobs Act, is required to buy them to meet its own renewable energy goals.

Depending on the solar agreement, either the subscriber can own the RECs and sell it to the state, or the operator will own the RECs. For example, an operator could put the RECs created by a community solar installation to good use, using the proceeds from selling them to bring down the cost of the project to subscribers.

Why is Community Solar a big deal?

Community solar only became possible through the Future Energy Jobs Act. Illinois homeowners with their own rooftop solar panels have long been able to send excess energy back to the power grid in return for credits on their electric bills—a benefit called “net metering.” But very few participated because many weren’t able to install solar panels on their own property. Community solar helps overcome those barriers.

While the act offers a historic opportunity for community solar in Illinois, many details are still being worked out. Contact Anabelle Rosser, CUB’s Environmental Outreach Coordinator, at arosser@citizensutilityboard.org, if you want to be added to CUB’s “Community Solar Updates” list.

Who are the major players in community solar projects?

Note: In the descriptions below, many of these roles can be performed by the same individual or entity.

Subscribers: Individual electricity customers who participate in a community solar project.

Site Assessor: An expert who studies and recommends solar garden locations.

Host: The individual, business, community group, or other entity that owns the land that is the site of the community solar project.

Developer: The primary individual or group that orga-

nizes the community solar project.

Operator: The individual, business, community group or other entity that maintains the community solar installation.

Funders: Sources of financing for the project.

Outreach Partners: Help recruit subscribers for the community solar project.

Installer: An expert who builds the community solar installation.

Utility: Ameren or ComEd, the utility where the community solar panels are installed.