

Solar Resource Summary Document for Communities

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State and Federal Incentives and Funding Opportunities:

There are state and federal financial incentives to help pay for solar projects at the residential, business, municipal, and utility scale. Illinois has set renewable energy goals and established a financial incentive program to help reach those goals. “Renewable Energy Credits” are managed by the Illinois Power Agency and can cover 25-40% of project costs. At the federal level a federal tax credit of 30% is available for solar projects. That tax credit can now be made as a direct payment to tax exempt entities like nonprofits and local units of government. There are “adders” to the 30% tax credit that can make it 40-60%. Learn more in the table below.

Table 1. Summary of Solar Incentives Available for Local Units of Government in Illinois

Incentive	Percent Savings	Eligibility	More information
Illinois Shines Solar “Renewable Energy Credits” (RECs)	25-40%	There are no income qualifications for this Program.	RECs are managed by the Illinois Power Agency through the Illinois Shines Program. More information here .
Illinois Solar for All “Renewable Energy Credits” (RECs) for Non-Profit and Public Facilities	No or low upfront costs	Critical Service Providers in income eligible (map) and environmental justice communities (map).	More information here .
Federal Investment Tax Credit (ITC) or Production Tax Credit (PTC)	30%	Newly available as a direct payment to tax exempt entities including local units of government, known as “elective pay” or “direct pay”.	More information about elective pay here and here . Lawyers for Good Government has a new Clean Energy Tax Navigator Website .
Energy Community Tax Credit Adder	10%	Find out if your community is an “energy community” on this map .	A bonus of up to 10% on the ITC or PTC. More information here .
Low Income Community Bonus Credit Program	10-20%	Find out if your community is a “low income community” on this map . This bonus is by	A bonus of 10% on the ITC. More information here .

		application.	
Energy Grants from the IL Department of Commerce and Economic Opportunity	Variable	Most programs prioritize Environmental Justice and Equity Investment Eligible Communities .	Learn about DCEO energy grants here .
Energy Grants and Loans from the Illinois Finance Authority's Illinois Climate Bank (IFA-ICB)	Variable	Variable	A new "Revolving Loan Fund" for energy projects is being established by the state. Learn about IFA-ICB energy grants and loans here .

Renewable Energy Credits (REC): RECs are Illinois incentives that track and monetize solar development to help the state of Illinois meet renewable energy goals. **RECs can cover 25-40% of project costs for solar projects on homes, businesses, farms, and community buildings.** The incentive program is called "Illinois Shines". Approved vendors must procure RECs through the Adjustable Block Program for solar projects. Many solar developers are Approved Vendors or they partner with one. There are different categories of RECs based on system size and type (e.g. residential, utility scale, community solar, brownfield solar, etc.). Ask your solar developer for more information about this incentive.

Federal Tax Credits: There are two 30% tax credits available for businesses and other entities like nonprofits and local and tribal governments that purchase solar energy systems. The investment tax credit (ITC) is a tax credit that reduces the federal income tax liability for a percentage of the cost of a solar system that is installed during the tax year. The production tax credit (PTC) is a per kilowatt-hour (kWh) tax credit for electricity generated by solar and other qualifying technologies for the first 10 years of a system's operation. It reduces the federal income tax liability and is adjusted annually for inflation. A solar developer can help you determine which tax credit makes sense for your project

The Inflation Reduction Act also includes a provision allowing tax-exempt entities to receive the solar ITC as a direct payment. Learn more about direct pay/elective pay here: www.irs.gov/pub/irs-pdf/p5817.pdf

Several "adders" exist for the 30% federal tax credit. Including a 10% adder for energy communities, a 10% adder for low-income communities, and a 10% adder for domestic manufacturing.

- Find out if your community is an energy community with this map: <https://arcgis.netl.doe.gov/portal/apps/experiencebuilder/experience/?id=a2ce47d4721a477a8701bd0e08495e1d>
- Find out if your community is a low-income community with this map: <https://experience.arcgis.com/experience/12227d891a4d471497ac13f60fffd822/page/Page/>

More information on the tax credits from the Department of Energy here:

www.energy.gov/eere/solar/federal-solar-tax-credits-businesses

Department of Energy Funding and Financing Opportunities: DOE supports a number of grant, loan and financing programs. www.energy.gov/funding-financing

Illinois Climate Bank (Illinois Finance Authority): The Illinois Finance Authority established the Illinois Climate Bank to “aid in all respects with providing financial assistance, programs, and products to finance and otherwise develop and implement equitable clean energy opportunities...” The Climate Bank has several funding and financing opportunities. Learn more here: www.il-fa.com/programs/cb

www.prairierivers.org/front-page/2024/05/illinois-has-a-climate-bank-what-does-it-do/

Illinois Department of Commerce and Economic Opportunity (DCEO) Energy Funding:

DCEO is in charge of administering several renewable energy, workforce development, and community energy programs. Learn more about open opportunities on their website:

<https://dceo.illinois.gov/ceja/ceja-program-announcements.html>

Rural Energy for America Program (REAP): REAP is a grant and loan program from USDA Rural Development available to fund clean energy projects for rural small businesses and agricultural producers. REAP can cover up to 50% of project costs and be paired with RECs and tax credits.

www.rd.usda.gov/programs-services/energy-programs/rural-energy-america-program-renewable-energy-systems-energy-efficiency-improvement-guaranteed-loans

Solar-for-All (e.g. low-income solar): An Illinois program that provides greater access to solar for income-eligible communities through incentives that help make solar installations more affordable and result in measurable savings for participants. Incentives are made available for residential properties, properties that house nonprofits and public facilities, and community solar projects. www.illinoisfa.com

Acronyms and Definitions:

Agrivoltaics: The practice of co-locating solar energy production with agricultural production (agriculture + photovoltaics). This may include crop production between panels, grazing of sheep, or raising bees. Sometimes called dual-use solar.

Brownfield and Brownfield Solar: The Illinois Environmental Protection Agency defines brownfields as, “abandoned or under-utilized industrial and commercial properties with actual or perceived contamination and an active potential for redevelopment.” Brownfield solar refers to redeveloping these sites with solar farms, and there are Illinois solar incentives specific to brownfield solar.

Community Benefit Agreements/Plans: legal agreements between community groups and developers, stipulating the benefits a developer agrees to fund or furnish, in exchange for community support of a project. Benefits can include commitments to hire directly from a community, contributions to economic trust funds, local workforce training guarantees and more.

Community Solar: an Illinois solar program that allows eligible participants, also called subscribers, to benefit from solar energy without installing panels on their own properties. Participants subscribe to an offsite “community solar farm,” and their Utility monitors the amount of energy generated by their solar and credits their bill for that amount. Regular community solar subscribers usually receive 10-20% savings on their energy supply, while “Solar for All community solar” subscribers can save 50% on the supply side of their bill.

Current community solar providers in Illinois include, [Arcadia](#), [Clearway](#), [Common Energy](#), [MC 2 Energy Services](#), [Nexamp](#), [IGS](#), and [Solstice](#).

Direct Pay Tax Credit (also known as Elective Pay): The Inflation Reduction Act includes a provision allowing tax-exempt entities to receive the solar investment tax credit as a direct payment. Direct pay will pave the way for nonprofits, schools, municipalities, and other tax-exempt entities to own solar projects, rather than buying power through Power Purchase Agreements or leasing land for projects.

Illinois Shines: the state-administered program, developed and managed by the Illinois Power Agency, that incentivizes the development of solar energy projects in Illinois and supports the state's renewable energy goals.

Inflation Reduction Act (IRA): The IRA of 2022 was passed to fight inflation, invest in domestic energy production and manufacturing, and reduce carbon emissions by roughly 40 percent by 2030. The Act offers funding, programs, and incentives to accelerate the transition to a clean energy economy and to drive significant deployment of new clean electricity resources.

Infrastructure and Investment Jobs Act (IIJA, Bipartisan Infrastructure Law, or BIL): The IIJA was passed in 2021 to fund investment in infrastructure across many sectors including energy. The law includes funding for energy generation, electric transportation and electric school buses, transmission, and more.

Investor Owned Utility (IOUs): Private enterprises acting as public utilities (e.g. Ameren and ComEd). IOUs are

Net metering: A system or agreement where the utility credits solar system owners for excess generation. Ameren provides net metering over a year period, allowing solar owners the ability to benefit from excess generation during summer, sunny months. Rural electric cooperatives all have different net metering policies.

Pollinator Friendly Solar: Establishing vegetation under and around ground-mounted solar arrays that has the potential to provide critical habitat and benefit to animal pollinators, like insects and birds.

Power Purchase Agreement (PPA) for solar: a financial arrangement in which a third-party developer owns, operates, and maintains the solar system, and a host customer agrees to site the system on its property and purchases the system's electricity from the owner-operator for a predetermined period.

Rural Electric Cooperatives: Any electric cooperative which is subject to the Electric Suppliers Act, enacted by the 74th General Assembly, and has the same meaning as is defined in Section 3.4 of that Act. [220 ILCS 5/3-119]. Solar policies and programs in rural electric cooperatives often look very different than investor-owned utilities, Ameren and ComEd

Renewable Energy Credit (REC): a tradable, environmental asset that represents the clean attributes of solar electricity. RECs are a way to track and monetize these environmental benefits and compensate owners of solar projects in Illinois. REC prices are determined through the Adjustable Block Program.

Agencies and Websites:

- Department of Energy Funding and Financing Opportunities: www.energy.gov/funding-financing
- Illinois Power Agency: <https://ipa.illinois.gov/>
- Illinois Finance Authority - Climate Bank: www.il-fa.com/programs/cb
- Illinois EPA Office of Energy: <https://epa.illinois.gov/topics/energy.html>
- Illinois Shines www.illinoisshines.com/
- Prairie Rivers Network: www.prairierivers.org
- Smart Energy Design Assistance Center (SEDAC): <https://smartenergy.illinois.edu/>
- Solar for All: www.illinoissfa.com/

Webinars for More Information

- Illinois Climate Bank Webinar - Learn more about the Programs the Climate Bank offers. www.youtube.com/watch?v=tEPlc5S3FvU
- July 2023 Rural Energy Transition Webinar Series, <https://prairierivers.org/uncategorized/2023/08/highlights-of-our-energy-transition-webinar-series/>
- Bring Solar to School-Benefits, Challenges, and Opportunities, August 31, 2023, Illinois Power Agency Webinar, www.youtube.com/watch?v=ZcXJ1B1PzLA
- The Impacts of Wind and Solar Projects to the Local Economy, June 30, 2023, Illinois Power Agency Webinar, www.youtube.com/watch?v=ggy2L-bgucl

- From Brownfield to Brightfield: The Impact of Brownfield Redevelopment on Communities, May 26, 2023, Illinois Power Agency Webinar, www.youtube.com/watch?v=s8LHMJ_BEtI