

**ILLINOIS  
FINANCE  
AUTHORITY.**



**ILLINOIS  
CLIMATE  
BANK**

**Illinois Solar for All Expansion  
Lending Working Group  
December 19, 2024**

# USEPA GREENHOUSE GAS REDUCTION FUND: SOLAR FOR ALL COMPETITION **WINNING APPLICATION DESIGNED FROM STAKEHOLDER INPUT**



**\$156,000,000**  
federal funding



**aligned**  
with CEJA and IL policy

## **INTERAGENCY COLLABORATION:**

IFA, ICC, DCEO, IL EPA, IPA, IHDA, IDOT, DNR

## **STAKEHOLDER COLLABORATION**

More than 150 different entities between Nov 2022 and Application

## SOLAR FOR ALL EXPANSION PURPOSE

100% of Solar for All Expansion program funding must be used to enable low-income and disadvantaged communities to deploy or benefit from zero-emission technologies, such as solar energy.

### Purpose

Each program seeks to fill a gap identified by stakeholder engagement beginning with CEJA and continuing until Illinois made the proposal in late 2023.

Each program is intended to enable low income and disadvantaged communities to deploy or benefit from zero-emission technologies, such as solar energy.

The entire purpose of the US EPA Solar for All program is to improve equitable access to zero-emission technologies and the clean energy economy.

Equity should be woven throughout these program designs. If you don't see it, or see provisions that are inequitable, Please Say Something!

## WORKING GROUPS

Illinois Climate Bank will convene working groups to assist in designing the Illinois Solar for All Expansion Programs.

# Lending Grant Working Group - Scope

**We will cover the creation of five new financing products:**

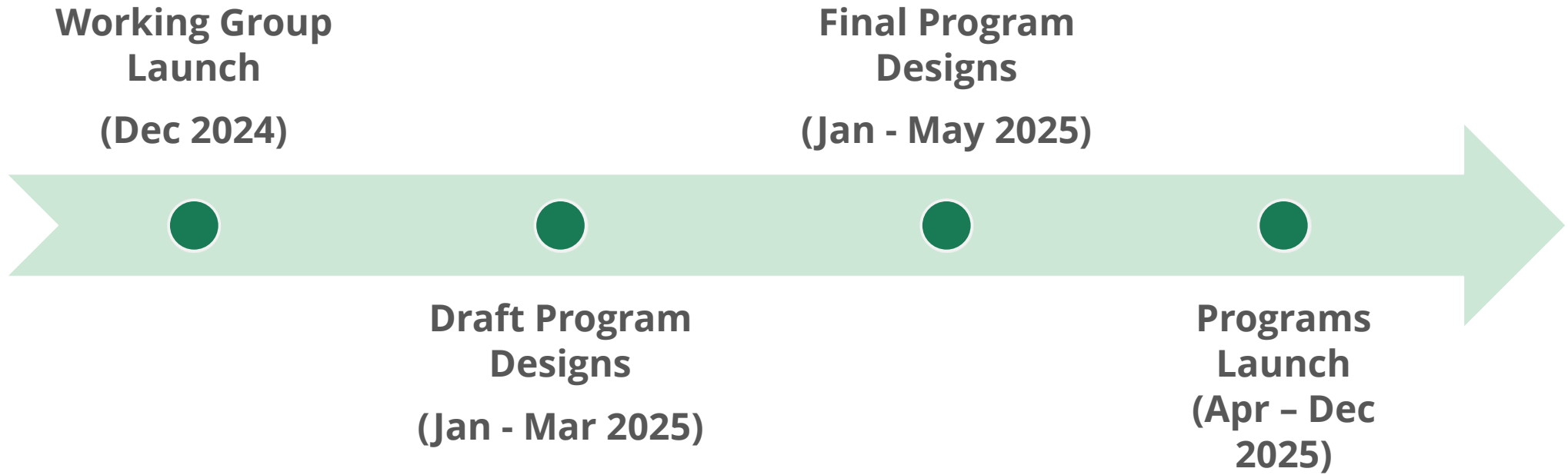
- Community-Driven Community Solar Loans
- Standard Offer PPA / Leases
- Energy Sovereignty Loans
- Working Capital Loans
- Public-Sector Bridge Loans



# TIMELINE

Illinois Climate Bank will convene working groups to assist in designing the Illinois Solar for All Expansion Programs.

All SFA Expansion Programs will be launched by EOY 2025.





## SUMMARY

The Illinois Climate Bank will collaborate with community-based organizations to develop a loan products that enable the growth of Community-Driven Community Solar projects that are organized by and designed to benefits communities.

Under CEJA, such community solar projects compete for incentives under the Illinois Shines program and are required to provide defined community benefit, such as community ownership or wealth-building opportunities.

The Illinois Climate Bank will help fill in the gaps of access to low-cost capital for these projects to allow them to compete with traditional community solar projects and enable innovative financing structures to support long-term ownership and wealth-building.

## OPEN QUESTIONS

- Unique barriers faced by CDCS projects
- Finance needs at different project stages
- Process needed for Davis-Bacon reporting

## LOAN PROGRAM

### **\$500,000 – \$3,000,000**

loans for community-driven community solar projects incentivized under Illinois Shines

### **key elements**

- Projects must be selected for funding under Illinois Shines
- Projects must include a community ownership or wealth-building structure
- Enables community-driven community solar projects to compete with more traditional community solar
- Loan terms designed to work seamlessly with Illinois solar incentives and federal tax credits

## Community-Driven Community Solar Loans:

- Clarifying Questions?
- How can this product address unique needs for Community-Driven Community Solar projects?
- Do these projects have specific financing needs at specific stages that the product should address?
- Best practices and tools for DBA and BABA compliance and enforcement?



## SUMMARY

The Illinois Climate Bank will launch a standard-offer Power Purchase Agreement / Lease product that would provide simple, easy-to-access financing for smaller and new solar contractors to offer to residential solar customers.

Many new or small disadvantaged businesses lack the ability to compete with larger solar developers due to their inability offer an in-house PPA or Lease product that can provide customers with a contract for no-upfront cost solar installations or guaranteed savings.

## OPEN QUESTIONS

- Transition to a Lease-to-Own structure
- Customer protections
- Interaction with other programs
- Developer technical assistance needs

## LOAN PROGRAM

**\$5,000 – \$50,000**

finance arrangements per customer

## key elements

- Projects must be eligible for the Illinois Solar for All residential program, or otherwise eligible for federal Solar for All incentives and benefit a household in a low-income or disadvantaged community
- Loan terms designed to work seamlessly with Illinois solar incentives and federal tax credits



## Standard Offer PPA/Lease:

- Clarifying Questions?
- Are there specific customer protections that are unique to PPA/lease products that we should be sure to include?
- What technical assistance might an Approved Vendor who has not offered solar leases before and wants to use this product need?



### SUMMARY

The Illinois Climate Bank will launch a standard-offer Energy Sovereignty loan product that would provide very low-cost, debt financing for residential solar customers that is simple and easy-to-access.

This loan is intended to support ownership and wealth-building opportunities for low-income and disadvantaged community households by encouraging and incentivizing long-term ownership of systems. Such households, however, often lack sufficient credit to qualify for loans.

Climate banks across the country have developed similar consumer finance tools (for example, the SMART-E loan program in Connecticut), that have been successful at expanding equitable access to solar and support the growth of quality jobs and businesses.

### OPEN QUESTIONS

- Is there a need beyond that served by PPA / lease?
- What costs would this cover for households already using IL Solar for All incentives?
- Are there other sectors, such as nonprofits serving low income and disadvantaged communities, that should be addressed by a product like this?

### LOAN PROGRAM

**\$5,000 – \$50,000**

finance arrangements per customer

### key elements

- Projects must be eligible for the Illinois Solar for All residential program, or otherwise eligible for federal Solar for All incentives and benefit a household in a low-income or disadvantaged community
- Loan terms designed to work seamlessly with Illinois solar incentives and federal tax credits
- Loan repayments would recycle back into the fund to be leveraged for future projects

## Energy Sovereignty Loan:

- Clarifying Questions?
- We understand that there are nonprofits who serve low income and disadvantaged communities that would find this product useful because, unlike a lease, it would allow them to take advantage of tax credits. Are there others within low income and disadvantaged communities whose needs would be addressed by a product like this? Multifamily building owners?
- What costs would this type of product ideally cover?

## Working Capital



### SUMMARY

The Illinois Climate Bank will deploy a new working capital product to help accelerate the Jobs and Justice goals of CEJA by focusing on building the capacity of these businesses and to cover finance gaps in clean energy projects.

The working capital loan product will provide low-cost loans to small contractors engaged in the Solar for All program to enable them to grow beyond the limitations of a cash business and support organizational development.

Eligible contractors will be required to be approved vendors under Illinois Shines, or similar vendor programs, and involved in the installation of solar photovoltaic systems, energy storage systems, electrical panel upgrades, or other residential enabling upgrades.

### OPEN QUESTIONS

- Eligibility definitions
- Range of loans
- Simple eligibility checks
- Collateral requirements?
- Interaction with workforce development and contractor incubator programs

## LOAN PROGRAM

**\$50,000 – \$1,000,000**

loans for working capital to disadvantaged small businesses

### key elements

- Businesses must be supporting the deployment of Solar for All projects, including solar installation, energy storage installation, and enabling upgrades.
- Enables contractors to expand beyond cash-flow constraints.
- Supports project development costs as well as back-office needs.

## Working Capital Loan:

- Clarifying Questions?
- What range of loan sizes would be most useful in helping small contractors grow their businesses?
- What types of collateral requirements, if any, would be appropriate or useful if needed to reduce the cost of capital?
- How should this program interact with existing workforce development and contractor incubator programs?



## SUMMARY

The Illinois Climate Bank is implementing a new bridge loan product in cooperation with Illinois EPA to help nonprofits and public sector entities that serve low income and disadvantaged communities and are eligible for direct pay tax credits to weather the timing gap between project payments and receiving the credits.

This loan product would be funded by the Energy Efficiency Revolving Loan Fund Capitalization grant and would have different requirements than the US EPA Solar for All Grant funded programs.

## OPEN QUESTIONS

- Processes for interacting with other incentive programs, particularly in light of federal energy efficiency assessment requirements

## LOAN PROGRAM

**\$50,000 – \$1,000,000**

loans to bridge tax credit incentives for the public sector

## key elements

- Enables nonprofits and public sector entities to more effectively take advantage of direct pay tax credits. S
- Smooth integration with other incentive programs for energy efficiency and renewable projects.



## Public Sector Bridge Loans:

- Clarifying Questions?
- This loan product can only finance solar, storage, and energy efficiency projects recommended by an energy assessment conducted according to specific federal energy efficiency assessment requirements. How might this product interact with ILSFA and utility energy efficiency programs to drive comprehensive retrofits?

## NEXT STEPS

- Completing similar sessions with all 5 working groups.
- Draft program designs released for comment in early spring.

## NEXT STEPS

### Contact Information:

For more information or further questions, please contact the Illinois Climate Bank at:

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