

There are several financial incentives that make solar energy a smart investment for business and property owners.



Illinois Solar Overview

Future Energy Jobs Act

In an effort to bolster the state's renewable energy resources, three of Illinois' biggest power interests joined forces to pen the Future Energy Jobs Bill, a comprehensive piece of legislation that addresses growth in all facets of the renewable energy industry.

Passed in December of 2016, the Future Energy Jobs Act (FEJA) is designed to jumpstart a renewable energy industry in Illinois, encouraging the development of a long term workforce that will strengthen the state's economy while developing more clean distributed energy in lieu of buying clean energy from outside IL, as has been the case the last several years.

As a component of the Future Energy Jobs Act, the Illinois Power Authority (IPA) was formed with the goal of developing and overseeing a new program that would create new energy jobs. The resulting "Long Term Renewable Resources Plan" is designed to implement the intentions of FEJA.

Renewable Portfolio Standards (RPS)

Illinois is one of 29 states that has adopted a Renewable Portfolio Standard (RPS); state-initiated legislation that requires utilities and other energy providers to procure energy from renewable sources. The Illinois RPS requires utilities to source 25% of their energy mix from renewable sources by 2025.

The legislation "carves out" a portion of the procurement for solar energy, and it is expected to drive development of up to 3000 MW of new solar energy projects by 2030. The program is now supported by \$200 million in annual funding for the purchase of Renewable Energy Credits (RECs), which are sold to Illinois utilities to help them meet the goals laid out by their RPS.

State Incentives

Renewable Energy Credits (RECs)

The RECs will be rewarded to solar array owners at a rate of 1 REC per 1,000 kWh of energy generated by your array. Calculation of RECs based on the Illinois Power Agency's guidance, is estimated to be 1.4 RECs per year for each kW installed. For example, system size of 100 kW would yield approximately 140 RECs per year over the 15 year program period. These credits are to be disbursed for your array's generation over a 15 year period, however, payment will be awarded over a 5 year period in order to help owners recoup the initial array investment as quickly as possible.

The program encourages the development of a variety of different solar projects by establishing a carve out of incentives that offer higher REC values for low-income, brownfield, community solar, and distributed generation projects. Specifically, there are incentives available for community solar projects. This carve out is intended to balance the market and make clean affordable power accessible to all Illinois residents.

Illinois is committed to making clean affordable power accessible to all of the state's residents.

Solar Rebate

An additional benefit of the Illinois incentive is a rebate program that will reward owners of solar energy systems on a per kW installed basis. The rebate is paid upfront in year one as an immediate reward for making the commitment to going solar.



With the current mix of benefits, business and property owners can expect to see double digit, cash-on-cash returns.

Net Metering

The Net Metering benefit allows owners of solar energy systems to be compensated for their “net excess” energy production. When solar system owners generate electricity, their electric meter turns backwards – and when more electricity is generated than used in a given month, the utility credits the owner’s account.

In most places that credit can be transferred or sold to other accounts within the utility’s service territory, which allows for flexibility and business opportunity. This benefit enables community solar programs and the “Solar for All” carve out that helps low income, public and nonprofit businesses participate in this program and benefit from renewable energy.

Federal Incentives

The federal ITC was originally established by the Energy Policy Act of 2005, and was extended in the spending bill that Congress passed in late 2015. The recently passed federal “Tax Cuts and Jobs” act has preserved the solar tax benefits.

Investment Tax Credit

The Investment Tax Credit (ITC) awards a 30% tax credit towards the purchase of solar energy systems that are deployed by December 31, 2019. The credit value of the ITC drops to 26% in 2020, and 22% in 2021 before settling permanently at 10% for commercial projects and 0% for residential.

Accelerated Depreciation

Solar energy systems are eligible for 50% Bonus Depreciation in year one, and qualify for the Modified Accelerated Cost Recovery System (MACRS). The recent changes in the tax code will allow solar energy owners to take 100% of their depreciation expense in year one of system operation.

Return on Investment

Between the available federal tax benefits, state incentives, and savings from offset electricity costs, going solar in Illinois is a smart financial and business investment.

- Tax savings can be up to 50% of your project cost
- RECs and Rebates cover additional 25%-50% of project cost
- Avoided electricity costs for the life of the system

With these benefits, business and property owners can expect to see double digit, cash-on-cash returns. Factor in the cost certainty associated with generating your own energy, and the intrinsic value in sourcing it from a clean responsible source, the benefits of going solar speak for themselves.

For real estate investors solar is a great way to turn your roof, that is normally only a business expense, into a revenue producing asset to your portfolio. Think of a solar energy system as a reliable, long-term, and low-maintenance tenant.