



Reform renewable energy credits (RECs) with a points system to support working families and promote equity.

Climate Jobs Recommendation

Renewable energy credits (RECs) offered by the State of Illinois should reflect the local compensation rates, quality standards, diversity goals, and economic development priorities of the people of Illinois. This can be achieved by prioritizing utility-scale RECs, requiring prevailing wages and project labor agreements (PLAs) on all projects receiving ratepayer-funded REC subsidies created by the State of Illinois, and introducing a points system in awarding RECs in Illinois Power Agency (IPA) auctions. This incentive-based points system would also apply to solar RECs for a Carbon Free Schools Initiative. In a new equity-centric REC system, developers and contractors would be required to disclose their workforce diversity to be eligible for RECs. The REC procurement process would give preference to applicants if either 1.) their workforce reflects the diversity of the county or metro area where a project is proposed or 2.) the company submits a plan with explicit, concrete actions to improve diversity. The equity-centric REC system would also give higher priority to qualified applicants that:

- Have distributed or community-scale projects located in low-income zip codes or Opportunity Zones– which are economically distressed communities where new investments are eligible for preferential tax treatment ([DCEO, 2020](#)).
- Use an ownership model on distributed or community-scale projects in which the party generating the energy is also the one using it, instead of a power purchase agreement (PPA) model– which ensures that RECs stay in-state where energy is used.
- Are Disadvantaged Business Enterprises (DBEs)– which are at least 51% owned and operated by women, people of color, veterans, and people with disabilities.
- Provide proof of participation in U.S. Department of Labor-approved apprenticeship programs– which deliver competitive middle-class earnings ([Manzo & Bruno, 2020](#)).
- Provide proof of participation in the Illinois Works Jobs Program– which will incentivize investment in workforce development training.

Clawback provisions must be applied if utilities and developers are awarded RECs but they– or their contractors and subcontractors– subsequently fail to meet these criteria. “Use-it-or-lose-it” provisions must also be included to ensure RECs are efficiently utilized in Illinois.

Background and Details

An incentive-based points system would promote equity and strong labor standards in the transition to clean energy. Illinois RECs typically receive more than 10 times as many applicants as available awards, indicating a surplus of applicants. The state should give higher preference in awarding RECs by using a scoring system that assigns points to applicants based on social equity and diversity, employee training, and labor and employment practices. Other types of construction projects promote workforce diversity and labor quality through bid credits. For example, the Illinois Tollway allows contractors and subcontractors to earn bid credits for employing workers who are historically underrepresented in construction, including people of color, women, and veterans.

A Pro-Worker, Pro-Climate Illinois

Developing an incentive-based points system for RECs would promote social equity, attract and retain skilled workers on clean energy projects, and ensure that the next generation of Illinois construction workers is trained. Companies and organizations that meet all of the criteria would be given the highest weight and move to the top of the list in the competition for RECs. This points system would expand middle-class job opportunities, support local Illinois-based companies, and ensure broad-based prosperity in the transition to a clean energy economy.