

To: Members of the Energy Legislative Working Group and Invited Stakeholders
From: Governor's Office
Date: June 10, 2021
Re: Omnibus Energy Bill

Dear Members,

In response to the statement made by the Senate President that the legislature would return to take up the energy bill negotiated by Governor Pritzker, the Governor's Office worked with the Clean Jobs Coalition and other stakeholders to revise the May 31 energy draft to include key missing pieces – like decarbonization – and make page and line edits to ensure that the programs can be implemented by the relevant agencies. This memo summarizes the changes in the accompanying LRB draft and provides an overview of the legislation itself, including areas of agreement reached by the legislative working group.

Also highlighted are the measures in the bill that pertain to the Prairie State Energy Campus, which remains subject to the declining caps on greenhouse gases. An exemption for the nation's seventh largest polluter remains unacceptable to the Governor, as well as the nearly 50 legislators that have indicated they will not support a bill that does so.

The Governor stands ready to sign this bill should the General Assembly choose to pass it next week in Springfield.

As we have said all along, Illinois can and must lead on clean energy, and it must lead in the light of day—ethically, honestly, and toward the collective goal of empowering Illinoisans to lead the United States in transitioning to a clean energy economy. We look forward to discussing tomorrow at 10 AM and then returning to Springfield next week to support passage of a bill that protects consumers and the climate.

Summary of Changes in the Attached LRB Draft:

- Decarbonization: phases out coal by 2035 and natural gas by 2045 through declining caps on greenhouse gas emissions, prioritizing equity investment eligible communities and dedicating \$2M/year in ratepayer funds to fund Prairie State's 2035 decommissioning costs.
- Prairie State Transition Task Force: creates a new task force to investigate carbon capture and sequestration and debt financing options for Prairie State and affected municipalities (request of affected legislators).
- Restitution docket: requires the ICC to initiate an investigation into how ratepayer funds were used in connection with the conduct outlined in ComEd's Deferred Prosecution Agreement, and requires that any funds used in furtherance of DPA covered conduct be remitted to ratepayers.
- Tax repayment: requires the ICC to initiate a docket to provide for the refunding of excess deferred income taxes by the end of 2025.
- Beneficial electrification plans: modifies language around transportation plans that utilities must file with the ICC to better support investment in equity investment eligible communities and support for medium-duty and heavy-duty buildout.
- CHP: includes support for combined heat and power (CHP) and waste heat to power (WHP) in the definition of distributed renewable energy generation device and renewable energy resources, as requested by manufacturers and large industrials.

Full Summary of Bill:

Ethics:

- Expands statement of economic interest requirements to include any spouse or immediate family member employed by a public utility in Illinois.
- Subjects the Illinois Power Agency to ex-parte communication requirements.

- Creates a Public Utility Ethics and Compliance Monitor to ensure utility companies are meeting the highest level of ethical standards.
- Requires the ICC to initiate an investigation into how ratepayer funds were used in connection with the conduct outlined in ComEd's Deferred Prosecution Agreement, potentially putting refunds back into residential ratepayers' pockets.

Consumer Protections:

- Eliminates the customer deposit requirement and late fees for low-income utility residential customers.
- Eliminates the online payment fee for all customers' utility bills.
- Requires utility companies to accurately report to the ICC on the number of shutoffs and reconnections on a monthly basis.
- Provides utility-funded compensation to non-profit representatives of consumer interests that intervene in ICC proceedings in order to increase public engagement and transparency, expand information available to the ICC, and improve decision-making.
- Requires the ICC to conduct a comprehensive study to assess whether low-income discount rates for residential customers are appropriate and the design and implementation of such rates.
- Requires the ICC to initiate a docket to provide for the refunding of excess deferred income taxes by the end of 2025, putting around \$0.08/month back in residential ratepayers' pockets.
- Makes changes to the Energy Assistance Act (same provisions as Chairman Hastings' initiative, SB 265).

Decarbonization:

- Phases out coal by 2035 and natural gas by 2045 through declining caps on greenhouse gas emissions, prioritizing equity investment eligible communities and dedicating \$2M/year in ratepayer funds to fund Prairie State's 2035 decommissioning costs.
- Provides \$694 million in financial support over 5 years for the Byron, Dresden, and Braidwood nuclear plants, which will also keep the LaSalle nuclear plant viable and cost the average residential ratepayer an estimated \$0.80/month. This subsidy fits within the parameters of Synapse's independent assessment.
- Creates a coal to solar program to support the transition of coal plants to renewable energy facilities.
- Requires utilities to implement a public schools carbon-free assessment program.
- Authorizes the Governor to create a commission on market-based carbon pricing solutions.
- Creates a Prairie State Transition Task Force to investigate carbon capture and sequestration and debt financing options for Prairie State.

Renewable Energy:

- Provides that it is the policy of the State to move toward 100% clean energy by 2050.
- Makes changes to the Illinois Power Agency Act to double the state's investment in renewable energy, put the state on a path to 40% renewable energy by 2030, and shift to indexed Renewable Energy Credits, costing residential ratepayers around \$1.22/month.
- Requires prevailing wage on all wind and solar projects, except for single-family and multi-family residential buildings and allows a 5-year exemption from prevailing wage for equity eligible contractors.

NOTE: This section was previously drafted with an understanding between labor, equity advocates, and the Black and Latino Caucuses and is currently under review. The Governor's Office remains ready to assist in developing solutions that ensure the renewable energy industry reflects the diversity of the state and leads to good-paying, union jobs for all.

- Requires project labor agreements on all utility-scale wind and solar projects.
- Requires the ICC to initiate an energy storage proceeding.
- Allows the ICC to grant a certificate of public convenience and necessity to construct, operate, and maintain a qualifying direct current project.
- Requires the ICC to open an investigation to develop and adopt a renewable energy access plan to achieve transmission capacity to support renewable energy expansion.

Ratemaking:

- Ends formula rates and transitions to performance-based ratemaking.
- Requires an independent audit of the current state of the grid and expenditures made since 2012.
- Allows utilities to file a Multi-Year Rate Plan (MYRP) where they will be rewarded and penalized based on achievement of ICC-approved performance metrics, which will be based on reliability and resiliency, peak load reductions attributable to demand response programs, supplier diversity expansion, affordability, interconnection response time, and customer service performance. This will help align utility performance with state public policy goals.
- Requires annual performance evaluations to evaluate utilities' performance on their metric targets during the previous year.
- Requires utilities to file a Multi-Year Integrated Grid Plan to support the state's clean energy goals, providing additional transparency to the ICC and stakeholders, and overall comprehensive grid planning. This is required whether a utility files an MYRP or traditional rate case.
- Creates a new Division of Integrated Distribution Planning at the ICC.

Workforce Development:

- Creates the Energy Transition Assistance Fund to allocate funding from ratepayers to support around \$215 million in state clean energy programs.
- Allows local governments to engage in community energy and climate planning.
- Creates a displaced worker bill of rights, administered by DCEO and IDDES, to provide state support to transitioning energy sector workers.
- Requires plant owners to provide written notice of a plant closure to DCEO and community leaders and provide assistance to impacted communities through displaced energy worker dependent transition scholarships, an energy transition barrier reduction program, and just transition grants to promote economic development in eligible communities.
- Creates a Clean Jobs Workforce Network Hubs Program, establishing 13 program delivery hub sites that leverage community-based organizations to ensure members of equity-focused populations have dedicated and sustained support to enter and complete the career pipeline for clean energy and related sector jobs.
- Requires DCEO to develop a Climate Works Pre-apprenticeship Program and provide funding to Three Climate Works Hubs throughout the state which will recruit, prescreen, and provide pre-apprenticeship training to equity focused populations.
- Creates a clean energy contractor incubator program to provide access to low-cost capital and financial support for small clean energy businesses and contractors
- Creates a returning residents clean jobs training program to provide training for careers in the clean energy sector to individuals who are currently incarcerated
- Creates a clean energy primes contractor accelerator program to mentor and support businesses and contractors through business coaching and operational support
- Creates a jobs and environmental justice grant program to provide upfront and seed capital to support community ownership and development of renewable energy projects
- Establishes the Energy Workforce Advisory Council within DCEO to make recommendations to the state on clean energy workforce programs

Climate Financing:

- Designates the Illinois Finance Authority as the climate bank and allows the Authority to aid clean energy efforts by providing financial products and programs to finance and otherwise develop and implement clean energy.
- Creates a clean energy jobs and justice fund and board to finance and support clean energy investments.

Just Transition:

- Creates an Energy Transition Workforce Commission to report on the anticipated impact of the energy transition and recommend changes to the workforce through 2050.
- Requires DCEO to establish a grant program to award grants to promote economic development in eligible communities.
- Requires DCEO, in collaboration with IDES, to implement a displaced worker bill of rights that provides benefits to displaced energy workers, including notice of a plant closure.
- Requires DCEO to administer a transition scholarship program to support youth who are deterred from attending or completing an educational program at an Illinois institution of higher education because of his or her parent's layoff from a retiring power plant.
- Requires DCEO to create or commission a report on the energy worker and transition programs.
- Allows a local unit of government to establish Community Energy and Climate Plans, which are intended to aid local governments in developing a comprehensive approach to combining different energy and climate programs and funding resources.
- Requires plant owners to notify employees and public officials of a plant closure two years in advance.

Transportation:

- Increases the adoption of electric vehicles in the state to 1,000,000 by 2030.
- Requires electric utilities to file beneficial electrification plans with the ICC.
- Requires IEPA to award rebates or grants that fund up to 80% of the cost of the installation of charging stations and requires recipients to pay prevailing wage on installation projects.
- Requires IDOT to conduct a study to consider how the adoption of EVs will adversely affect resources needed for transportation infrastructure.
- Creates an up to \$4,000 rebate for consumers who purchase an electric vehicle.

Energy Efficiency:

- Requires CDB, in consultation with DCEO, to create and adopt a stretch energy code to allow municipalities and projects authorized or funded by CDB to achieve more energy efficiency in buildings than the Illinois Energy Conservation Code.
- Establishes a process for setting cumulative annual savings goals for utilities through 2040 and expands low-income weatherization efforts, costing residential ratepayers around \$0.86/month.
- Allows large private energy customers to opt out of energy efficiency programs, and instead report its plans to reallocate funding toward internal energy efficiency efforts.
- Requires public utilities to adopt an Equitable Energy Upgrade Program to permit customers to finance the construction of energy projects through tariffs on their bills.