



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

HB1550

Introduced 2/22/2007, by Rep. Jack D. Franks

SYNOPSIS AS INTRODUCED:

New Act

Creates the Renewable Solar and Wind Energy Act. Provides that beginning July 1, 2007, certain entities not in the electric utility business or in the gas distribution business may apply to the electric utility serving the situs of the entity for an investment cost recovery incentive for each kilowatt-hour from a customer-generated electricity renewable energy system installed on the entity's property that is not interconnected to an electric distribution system. Requires applicants to submit a certification to the Department of Revenue before being approved for the incentive. Requires applicants to keep records of incentives received. Provides for recovery of incentives due and remittance of excessive incentives. Provides tax credits for certain participating entities. Requires the Department to report to the Environment and Energy Committees of the General Assembly by December 1, 2011 on the impact of this Act.

LRB095 10142 CMK 30356 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning renewable energy.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the
5 Renewable Solar and Wind Energy Act.

6 Section 5. Legislative findings. The General Assembly
7 finds that the use of renewable energy resources generated from
8 local sources such as solar and wind power benefit the State by
9 reducing the load on the State's electric energy grid, by
10 providing non-polluting sources of electricity generation, and
11 by the creation of jobs for local industries that develop and
12 sell renewable energy products and technologies. The State can
13 support these industries by providing incentives for the
14 purchase of locally made renewable energy products. Locally
15 made renewable technologies benefit and protect the State's
16 environment. The General Assembly also finds that the State's
17 economy can be enhanced through the creation of incentives to
18 develop additional renewable energy industries in the State.

19 The General Assembly intends to provide incentives for the
20 greater use of locally created renewable energy technologies,
21 support and retain existing local industries, and create new
22 opportunities for renewable energy industries to develop in the
23 State.

1 Section 10. Definitions. For purposes of this Act:

2 (1) "Customer-generated electricity" means the alternating
3 current electricity that is generated from a renewable energy
4 system located on an individual's, businesses', or unit of
5 local government's real property that is also provided
6 electricity generated by an electric utility. A system located
7 on a leasehold interest does not qualify under this definition.
8 "Customer-generated electricity" does not include electricity
9 generated by an electric utility with greater than 1,000
10 megawatt hours of annual sales or a gas distribution business.

11 (2) "Economic development kilowatt-hour" means the actual
12 kilowatt-hour measurement of customer-generated electricity
13 multiplied by the appropriate economic development factor.

14 (3) "Photovoltaic cell" means a device that converts light
15 directly into electricity without moving parts.

16 (4) "Renewable energy system" means a solar energy system
17 or a wind generator used for producing electricity.

18 (5) "Solar energy system" means any device or combination
19 of devices or elements that rely upon direct sunlight as an
20 energy source for use in the generation of electricity.

21 (6) "Solar inverter" means the device used to convert
22 direct current to alternating current in a photovoltaic cell
23 system.

24 (7) "Solar module" means the smallest nondivisible
25 self-contained physical structure housing interconnected

1 photovoltaic cells and providing a single direct current
2 electrical output.

3 (8) "Standards for interconnection to the electric
4 distribution system" means technical, engineering,
5 operational, safety, and procedural requirements for
6 interconnection to the electric distribution system of an
7 electric utility.

8 Section 15. Investment; cost recovery.

9 (a) Any individual, business, or unit of local government,
10 not in the electric utility business or in the gas distribution
11 business, may apply to the electric utility serving that
12 individual, business, or unit of local government, each State
13 fiscal year beginning on July 1, 2007, for an investment cost
14 recovery incentive for each kilowatt-hour from a
15 customer-generated electricity renewable energy system
16 installed on its property that is not interconnected to the
17 electric distribution system. No incentive may be paid for
18 kilowatt-hours generated before July 1, 2007, or after June 30,
19 2014.

20 (b) When electric utilities serving 80% of the total
21 customer load in the State adopt uniform standards for
22 interconnection to the electric distribution system, any
23 individual, business, or local governmental entity, not in the
24 electric utility business or in the gas distribution business,
25 may apply to the electric utility serving that individual,

1 business, or unit of local government, each fiscal year, for an
2 investment cost recovery incentive for each kilowatt-hour from
3 a customer-generated electricity renewable energy system
4 installed on its property that is not interconnected to the
5 electric distribution system and from a customer-generated
6 electricity renewable energy system installed on its property
7 that is interconnected to the electric distribution system.
8 Uniform standards for interconnection to the electric
9 distribution system means those standards established by
10 electric utilities that have 90% of total requirements in
11 common. No incentive may be paid for kilowatt-hours generated
12 before July 1, 2007, or after June 30, 2014.

13 (c) Before submitting for the first time the application
14 for the incentive allowed under this Section, the applicant
15 shall submit to the Department of Revenue a certification in a
16 form and manner prescribed by the Department that includes, but
17 is not limited to, the following information:

18 (1) the name and address of the applicant and location
19 of the renewable energy system;

20 (2) the applicant's tax registration number;

21 (3) that the electricity produced by the applicant
22 meets the definition of "customer-generated electricity"
23 and that the renewable energy system produces electricity
24 with:

25 (A) any solar inverters and solar modules
26 manufactured in the State;

1 (B) a wind generator powered by blades
2 manufactured in the State;

3 (C) a solar inverter manufactured in the State;

4 (D) a solar module manufactured in the State; or

5 (E) solar or wind equipment manufactured outside
6 of the State;

7 (4) that the electricity can be transformed or
8 transmitted for entry into or operation in parallel with
9 electricity transmission and distribution systems; and

10 (5) the date that the renewable energy system received
11 any required final electrical permit from the applicable
12 local jurisdiction.

13 Within 30 days after receipt of the certification the
14 Department shall advise the applicant in writing whether the
15 renewable energy system qualifies for an incentive under this
16 Section. The Department may consult with the other State
17 agencies to determine eligibility for the incentive.

18 (d) By August 1 of each year, application for the incentive
19 shall be made to the electric utility serving the situs of the
20 system by certification in a form and manner prescribed by the
21 Department that includes, but is not limited to, the following
22 information:

23 (1) the name and address of the applicant and location
24 of the renewable energy system;

25 (2) the applicant's tax registration number;

26 (3) the date of the letter from the Department stating

1 that the renewable energy system is eligible for the
2 incentives under this Section; and

3 (4) a statement of the amount of kilowatt-hours
4 generated by the renewable energy system in the prior
5 fiscal year.

6 Within 60 days of receipt of the incentive certification
7 the electric utility serving the situs of the system shall
8 notify the applicant in writing whether the incentive payment
9 will be authorized or denied. The business may consult with the
10 Department to determine eligibility for the incentive payment.

11 Persons receiving incentive payments shall keep and
12 preserve, for a period of 5 years, suitable records as may be
13 necessary to determine the amount of incentive applied for and
14 received. Such records shall be open for examination at any
15 time upon notice by the electric utility that made the payment
16 or by the Department. If upon examination of any records or
17 from other information obtained by the business or Department
18 it appears that an incentive has been paid in an amount that
19 exceeds the correct amount of incentive payable, the business
20 may assess against the person for the amount found to have been
21 paid in excess of the correct amount of incentive payable and
22 shall add interest on that amount.

23 If it appears that the amount of incentive paid is less
24 than the correct amount of incentive payable the business may
25 authorize additional payment.

26 (e) The investment cost recovery incentive may be paid

1 \$0.15 per economic development kilowatt-hour unless requests
2 exceed the amount authorized for credit to the participating
3 electric utility. For the purposes of this Section, the rate
4 paid for the investment cost recovery incentive may be
5 multiplied by the following factors:

6 (1) For customer-generated electricity produced using
7 solar modules manufactured in the State, 2 and four-tenths.

8 (2) For customer-generated electricity produced using
9 a solar or a wind generator equipped with an inverter
10 manufactured in this State, one and two-tenths.

11 (3) For customer-generated electricity produced using
12 an anaerobic digester, or by other solar equipment or using
13 a wind generator equipped with blades manufactured in this
14 State, one.

15 (4) For all other customer-generated electricity
16 produced by wind, eight-tenths.

17 (f) No individual, household, business, or local
18 governmental entity is eligible for incentives for more than
19 \$2,000 per year.

20 (g) If requests for the investment cost recovery incentive
21 exceed the amount of funds available for credit to the
22 participating electric utility, the incentive payments shall
23 be reduced proportionately.

24 (h) The environmental attributes of the renewable energy
25 system belong to the applicant, and do not transfer to the
26 State or the electric utility upon receipt of the investment

1 cost recovery incentive.

2 Section 20. Credit.

3 (a) An electric utility shall be allowed a credit against
4 any taxes otherwise due to the State of Illinois in an amount
5 equal to investment cost recovery incentive payments made in
6 any fiscal year under Section 15 of this Act. The credit shall
7 be taken in a form and manner as required by the Department.
8 The credit may not exceed the taxes that would otherwise be
9 owed by the entity. Refunds shall not be granted in the place
10 of credits. Expenditures not used to earn a credit in one
11 fiscal year may not be used to earn a credit in subsequent
12 years.

13 (b) For any business that has claimed credit for amounts
14 that exceed the correct amount of the incentive payable under
15 Section 15 of this Act, the amount of tax against which credit
16 was claimed for the excess payments shall be immediately due
17 and payable. The Department shall assess interest but not
18 penalties on the taxes against which the credit was claimed.

19 (c) The right to earn tax credits under this Section
20 expires June 30, 2015. Credits may not be claimed after June
21 30, 2016.

22 Section 25. Reports.

23 (a) Using existing sources of information, the Department
24 shall report to the Environment and Energy Committees of the

1 General Assembly by December 1, 2011. The report shall measure
2 the impact of this Act, including the total number of solar
3 energy system manufacturing companies in the State, any change
4 in the number of solar energy system manufacturing companies in
5 the State, and, when relevant, the effect on job creation, the
6 number of jobs created for State residents, and such other
7 factors as the Department selects.

8 Section 99. Effective date. This Act takes effect upon
9 becoming law.