



## 95TH GENERAL ASSEMBLY

### State of Illinois

2007 and 2008

HB1871

Introduced 2/23/2007, by Rep. Elaine Nekritz

#### SYNOPSIS AS INTRODUCED:

220 ILCS 5/9-220.3 new

Amends the Public Utilities Act. Requires an electric utility to procure or obtain renewable energy resources in amounts equal to provided quantities. Requires an electric utility to report to the Illinois Commerce Commission regarding compliance with renewable energy resource standards by April 1 of each year beginning in 2008. Provides penalties for an electric utility that fails to procure or obtain the full amount of renewable energy resources as required by specified provisions. Provides that the Commission shall adopt rules as necessary within 12 months after the effective date of the amendatory Act to assist in implementing methods of procurement, accounting, tracking, and reporting in order to achieve the stated objectives. Provides that electric utilities may enter into long-term contracts of up to 20 years with providers of renewable energy resources. Provides that the provisions shall not prohibit an electric utility from issuing a competitive solicitation for renewable energy resources in order to meet the required standards. Effective immediately.

LRB095 09347 MJR 31995 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning regulation.

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

4 Section 5. The Public Utilities Act is amended by adding  
5 Section 9-220.3 as follows:

6 (220 ILCS 5/9-220.3 new)

7 Sec. 9-220.3. Renewable energy portfolio standard and  
8 energy efficiency portfolio standard.

9 (a) The General Assembly finds and declares that it is  
10 desirable to obtain the environmental quality, public health,  
11 employment, economic development, rate stabilization, and fuel  
12 diversity benefits of developing new renewable energy  
13 resources for use in Illinois. The General Assembly has  
14 previously found and declared that the benefits of electricity  
15 from renewable energy resources accrue to the public at large,  
16 thus consumers and electric utilities and alternative retail  
17 electric suppliers share an interest in developing and using a  
18 significant level of these environmentally preferable  
19 resources in the State's electricity supply portfolio. The  
20 General Assembly has previously found and declared that  
21 renewable forms of energy should be promoted as an important  
22 element of the energy and environmental policies of the State.

23 (b) For purposes of this Section:

1       "Renewable energy credit" means a tradable credit that  
2 represents the environmental attributes of a certain amount of  
3 energy produced from a renewable energy resource.

4       "Renewable energy resources" includes energy and renewable  
5 energy credits from wind, solar thermal energy, photovoltaic  
6 cells and panels, dedicated crops grown for energy production  
7 and organic waste biomass, hydropower that does not involve new  
8 construction or significant expansion of hydropower dams, and  
9 other such alternative sources of environmentally preferable  
10 energy. "Renewable energy resources" does not include,  
11 however, energy from the incineration, burning or heating of  
12 waste wood, tires, garbage, general household, institutional  
13 and commercial waste, industrial lunchroom or office waste,  
14 landscape waste, or construction or demolition debris.

15       (c) The following renewable energy portfolio standards  
16 shall apply:

17       (1) Each electric utility shall procure or obtain  
18 renewable energy resources in amounts equal to at least the  
19 following percentages of the total electricity that it  
20 supplies to its Illinois customers: 2% by December 31,  
21 2007; 3% by December 31, 2008; 4% by December 31, 2009; 5%  
22 by December 31, 2010; 6% by December 31, 2011; 7% by  
23 December 31, 2012; 8% by December 31, 2013; 9% by December  
24 31, 2014; and 10% by December 31, 2015. To the extent that  
25 it is available, at least 75% of the renewable energy  
26 resources used to meet these standards shall come from wind

1       generation.

2       (2) For the purpose of this subsection (c), the  
3       required procurement of renewable energy resources for a  
4       particular year shall be measured as a percentage of the  
5       actual amount of electricity (megawatthours) supplied by  
6       the electric utility in the calendar year ending  
7       immediately prior to the procurement.

8       (3) Notwithstanding the requirements of item (1), an  
9       electric utility may reduce the amount of electric energy  
10      procured under new contracts from renewable energy  
11      resources in any single year by an amount necessary to  
12      limit the estimated average net increase to customers, due  
13      to these contracts, to be no more than 0.5% of customers'  
14      total electricity bills for the calendar year ending  
15      immediately prior to the procurement, subject to  
16      adjustments for any known subsequent rate increases. Any  
17      reductions in one year shall be offset by additional  
18      procurement in the following years subject to the annual  
19      limitation set forth in this subsection (c).

20      (4) In order to achieve improved air and water quality,  
21      additional environmental benefits, and better public  
22      health and economic development for Illinois, renewable  
23      energy resources shall be counted for the purpose of  
24      meeting the renewable energy standards set forth in item  
25      (1) only if they are generated from facilities located in  
26      Illinois or in a serious or severe ozone non-attainment

1 area as designated by the United States Environmental  
2 Protection Agency, in another directly adjacent state.  
3 Renewable energy resources may be counted for purposes of  
4 the renewable energy standards set forth in item (1) after  
5 December 31, 2010 if they are generated from a facility  
6 anywhere in a directly adjacent state or in any state that  
7 is currently in the United States Environmental Protection  
8 Agency Region V, and if that state has entered into an  
9 agreement with Illinois as provided in item (5), and if the  
10 renewable energy resources procured meet the definition  
11 set forth in subsection (b) of this Section.

12 (5) The Department of Commerce and Economic  
13 Opportunity and other State officials shall attempt to work  
14 with public officials in directly adjacent states and other  
15 states currently in United States Environmental Protection  
16 Agency Region V to develop an agreement in which electric  
17 utilities in Illinois shall be allowed after December 31,  
18 2010, to count for the purpose of meeting the designated  
19 renewable energy standards set forth in item (1) some  
20 renewable energy resources generated in a directly  
21 adjacent state or in any state that is currently in United  
22 States Environmental Protection Agency Region V if that  
23 state has enacted renewable energy portfolio standards and  
24 that other state also allows renewable energy resources  
25 generated in Illinois to be counted towards meeting its  
26 statutory renewable energy standards on substantially the

1 same basis. For the purposes of such an agreement, all  
2 renewable energy resources procured must meet the  
3 definition set forth in subsection (b) of this Section.

4 (6) Each electric utility shall report to the  
5 Commission on compliance with these standards by April 1st  
6 of each year, beginning in 2008.

7 (7) If an electric utility does not procure or obtain  
8 the full amount of renewable energy resources specified by  
9 the standards in item (1), as modified by the limitations  
10 of item (3), then the electric utility shall pay a penalty  
11 of \$50 per megawatthour each year for any shortfall unless  
12 and until the utility makes sufficient purchases to meet  
13 the requirement. Provided, however, that, if the electric  
14 utility proves to the Commission that renewable energy  
15 resources are not available in sufficient quantities to  
16 meet the renewable energy standards set forth in item (1),  
17 as modified by the limitations of item (3), and, if the  
18 Commission finds that the electric utility has, in fact,  
19 proved that the renewable energy resources are not  
20 available in sufficient quantities, after notice and a  
21 hearing conducted in accordance with the Commission's  
22 rules of practice, then the Commission shall waive the  
23 penalty. Any penalty payment shall be deposited into the  
24 Renewable Energy Resource Trust Fund to be only used by the  
25 Department of Commerce and Economic Opportunity for the  
26 sole purposes of supporting the actual development,

1 construction, and utilization of renewable energy projects  
2 in Illinois.

3 (8) The Commission shall adopt rules as necessary  
4 within 12 months after the effective date of this  
5 amendatory Act of the 95th General Assembly to assist in  
6 implementing this Section including, but not limited to,  
7 methods of procurement, accounting, tracking, and  
8 reporting in order to achieve the full objectives of this  
9 Section. Such rules shall also provide for recovery of  
10 costs incurred and the pass through to customers of any  
11 savings achieved by electric utilities as a result of  
12 procuring or obtaining the renewable energy resources  
13 specified under item (1). The rate elements and rates used  
14 for such cost recovery may be established by the electric  
15 utility, subject to the Commission's review and approval,  
16 outside the context of a general rate case.

17 (9) In connection with their compliance with the  
18 requirements of item (1), electric utilities may enter into  
19 long-term contracts of up to 20 years in length with  
20 providers of renewable energy resources and the costs or  
21 savings associated with those contracts shall be reflected  
22 in tariffed rates for the duration of those contracts.

23 (10) Nothing in this Section shall prohibit an electric  
24 utility from issuing a competitive solicitation for  
25 renewable energy resources in order to meet the standards  
26 of item (1) and from beginning to recover the associated

1       costs in advance of the conclusion of the rulemaking  
2       referenced in item (8), provided that such electric utility  
3       shall have first requested and received Commission  
4       approval for the design and conduct of such solicitation  
5       and the associated cost recovery methodology and tariff,  
6       which the Commission shall review and consider.

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