



Sen. Don Harmon

**Filed: 5/17/2007**

09500SB0877sam001

LRB095 05640 MJR 36434 a

1 AMENDMENT TO SENATE BILL 877

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 877 by replacing  
3 everything after the enacting clause with the following:

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

1 electric suppliers share an interest in developing and using a  
2 significant level of these environmentally preferable  
3 resources in the State's electricity supply portfolio. The  
4 General Assembly has previously found and declared that  
5 renewable forms of energy should be promoted as an important  
6 element of the energy and environmental policies of the State.

7 (b) For purposes of this Section:

8 "Renewable energy credit" means a tradable credit that  
9 represents the environmental attributes of a certain amount of  
10 energy produced from a renewable energy resource.

11 "Renewable energy resources" includes energy or renewable  
12 energy credits from wind, solar thermal energy, photovoltaic  
13 cells and panels, dedicated crops grown for energy production  
14 and organic waste biomass, hydropower that does not involve new  
15 construction or significant expansion of hydropower dams, and  
16 other such alternative sources of environmentally preferable  
17 energy. For purposes of this Section, "renewable energy  
18 resources" includes landfill gas from landfills located in the  
19 State. "Renewable energy resources" does not include, however,  
20 energy from the incineration, burning or heating of waste wood,  
21 tires, garbage, general household, institutional and  
22 commercial waste, industrial lunchroom or office waste,  
23 landscape waste, or construction or demolition debris.

24 (c) The following renewable energy portfolio standards  
25 shall apply:

26 (1) An electric utility shall procure or obtain

1 renewable energy resources in amounts that equal or exceed  
2 the following percentages of the total electricity that  
3 such electric utility supplies to its retail Illinois  
4 customers: 2% by December 31, 2008; 4% by December 31,  
5 2009; 5% by December 31, 2010; 6% by December 31, 2011; 7%  
6 by December 31, 2012; 8% by December 31, 2013; 9% by  
7 December 31, 2014; and 10% by December 31, 2015. It shall  
8 be the goal of the State that cost-effective renewable  
9 energy resources be available to supply an amount of the  
10 total electricity that electric utilities supply to their  
11 retail customers that will continue to increase after 2015  
12 by 1.5% per year to 25% by 2025. Provided, however, that if  
13 the Commission's promulgation of rules pursuant to item (7)  
14 is delayed beyond March 31, 2008, but occurs prior to April  
15 1, 2009, the initial target year and each subsequent target  
16 year shall be delayed by one year; the targets shall be  
17 delayed by an additional year for each additional year or  
18 fraction thereof that the Commission's promulgation of  
19 rules is delayed. In the event that the Commission's  
20 promulgation of rules is delayed after March 31, 2008, but  
21 occurs before July 1, 2008, the utility shall nonetheless  
22 meet one-quarter of the target for 2008 of electricity  
23 supplied to retail Illinois customers by December 31, 2008.  
24 To the extent that it is available, at least 75% of the  
25 renewable energy resources used to meet these standards  
26 shall come from wind generation. For purposes of this

1       subsection (c), "cost-effective" shall mean that the costs  
2       of procuring renewable energy resources do not cause the  
3       limit stated in item (3) to be exceeded.

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

10       (3) Notwithstanding the requirements of item (1) of  
11       this subsection (c), an electric utility may reduce the  
12       amount of renewable energy resources procured under new  
13       contracts in any single year by an amount necessary to  
14       limit the estimated average increase due to the cost of  
15       these resources included in the amounts paid by retail  
16       customers in connection with electric service to no more  
17       than 0.5% of the amount paid by such customers during the  
18       preceding calendar year, with such limit increasing by 0.5%  
19       in each of the 3 years 2009 through 2011, for a maximum cap  
20       on the allowed estimated average increase due to the cost  
21       of these resources of 2.0%. The maximum cap on the allowed  
22       estimated average increase due to the cost of these  
23       resources is 2%. No later than June 30, 2011, the  
24       Commission shall review the rate limitation and report to  
25       the General Assembly its findings as to whether the rate  
26       cap unduly constrains the procurement of renewable energy

1 resources that are cost effective.

2 (4) Renewable energy resources shall be counted for the  
3 purpose of meeting the renewable energy standards set forth  
4 in item (1) of this subsection (c) only if they are  
5 generated from facilities located in the State, provided  
6 that cost-effective renewable resources are available from  
7 such facilities. After December 31, 2011, renewable energy  
8 resources located in states that adjoin Illinois may be  
9 counted towards compliance with the standards set forth in  
10 item (1) of this subsection (c) so long as such resources  
11 are generated from resources that meet the definition of  
12 renewable energy resources as defined by this statute. Any  
13 electric utility with fewer than 100,000 but more than  
14 50,000 customers in Illinois as of January 1, 2007 shall be  
15 allowed to count renewable energy resources generated in a  
16 state adjoining Illinois for the purpose of meeting the  
17 renewable energy standard set forth in item (1) of this  
18 subsection (c) if such resources are generated from a  
19 facility constructed in the year 2006.

20 (5) Each electric utility shall report to the  
21 Commission on compliance with these standards by April 1 of  
22 each year, beginning in 2009.

23 (6) If an electric utility does not, during a calendar  
24 year, procure or obtain the full amount of renewable energy  
25 resources specified by the standards in item (1) of this  
26 subsection (c), as modified by the limitations of item (3)

1 of this subsection (c), then the electric utility shall pay  
2 a penalty of \$40 per megawatthour for any shortfall during  
3 such year unless and until the utility makes sufficient  
4 additional purchases in the following year to offset the  
5 shortfall. Provided, however, that, if the electric  
6 utility proves to the Commission that cost-effective  
7 renewable energy resources are not available in sufficient  
8 quantities to meet the renewable energy standards set forth  
9 in item (1) of this subsection (c), as modified by the  
10 limitations of item (3) of this subsection (c), and, if the  
11 Commission finds that the electric utility has, in fact,  
12 proved that the cost-effective renewable energy resources  
13 are not available in sufficient quantities, after notice  
14 and a hearing conducted in accordance with the Commission's  
15 rules of practice, then the Commission shall waive the  
16 penalty. Any penalty payment shall be deposited into the  
17 Renewable Energy Resources Trust Fund to be used by the  
18 Department of Commerce and Economic Opportunity for the  
19 sole purposes of supporting the actual development,  
20 construction, and utilization of renewable energy projects  
21 in the State.

22 (7) The Commission shall promulgate rules as necessary  
23 within 9 months after the effective date of this Act to  
24 assist in implementing this subsection (c) including, but  
25 not limited to, methods of procurement, accounting,  
26 tracking, and reporting in order to achieve the full

1 objectives of this subsection (c). The rules shall also  
2 provide for recovery of costs incurred and the pass through  
3 to customers of any savings achieved by electric utilities  
4 as a result of procuring or obtaining the renewable energy  
5 resources specified under item (1) of this subsection (c).  
6 The rate elements and rates used for such cost recovery may  
7 be established by the electric utility, subject to the  
8 Commission's review and approval, outside the context of a  
9 general rate case.

10 (8) In connection with their compliance with the  
11 requirements of item (1) of this subsection (c), electric  
12 utilities may enter into long-term contracts of up to 20  
13 years in length with providers of renewable energy  
14 resources, and the costs or savings associated with those  
15 contracts shall be reflected in tariffed rates for the  
16 duration of those contracts.

17 (9) Nothing shall prohibit an electric utility from  
18 issuing a competitive solicitation for renewable energy  
19 resources in order to meet the standards of item (1) of  
20 this subsection (c) and from beginning to recover the  
21 associated costs in advance of the conclusion of the  
22 rulemaking referenced in item (7) of this subsection (c),  
23 provided that such electric utility shall have first  
24 requested and received Commission approval for the design  
25 and conduct of such solicitation and the associated cost  
26 recovery methodology and tariff, which the Commission

1           shall review and consider.

2           Section 99. Effective date. This Act takes effect upon  
3           becoming law.".