



## 100TH GENERAL ASSEMBLY

### State of Illinois

2017 and 2018

HB3042

by Rep. Jay Hoffman

#### SYNOPSIS AS INTRODUCED:

20 ILCS 1105/1 from Ch. 96 1/2, par. 7401  
20 ILCS 1105/17 new  
20 ILCS 1105/20 new  
30 ILCS 105/5.878 new

Creates the Energy and Environmental Security Act. Amends the Energy Conservation and Coal Development Act. Creates a Qualified Clean Coal Technology Grant Program for the purpose of funding grants that will allow the grant recipient to (i) meet the qualifications of a qualified clean coal facility, (ii) operate the electric generating unit as a qualified clean coal facility while complying with State and federal emissions requirements, and (iii) mitigate the environmental impacts of the operation of coal-fueled electric generation units. Creates the Clean Coal Development and Utilization Fund to provide funding for grants. Amends the State Finance Act to make a conforming change. Effective immediately.

LRB100 11071 RJF 21316 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 ARTICLE 1. SHORT TITLE.

5 Section 1-1. Short title. This Act may be cited as the  
6 Energy and Environmental Security Act.

7 ARTICLE 5. AMENDATORY PROVISIONS

8 Section 5-5. The Energy Conservation and Coal Development  
9 Act is amended by changing Section 1 and by adding Sections 17  
10 and 20 as follows:

11 (20 ILCS 1105/1) (from Ch. 96 1/2, par. 7401)

12 Sec. 1. Definitions; transfer of duties.

13 (a) For the purposes of this Act, unless the context  
14 otherwise requires:

15 "Department" means the Department of Commerce and  
16 Economic Opportunity.

17 "Director" means the Director of Commerce and Economic  
18 Opportunity.

19 "Qualified Clean Coal Facility" means an electric  
20 generating facility which uses United States high volatile

1       rank bituminous coal with an emissions factor of less than  
2       210 pounds of carbon dioxide per million BTU as its primary  
3       fuel source.

4       (b) As provided in Section 80-20 of the Department of  
5       Natural Resources Act, the Department of Commerce and Community  
6       Affairs (now Department of Commerce and Economic Opportunity)  
7       shall assume the rights, powers, and duties of the former  
8       Department of Energy and Natural Resources under this Act,  
9       except as those rights, powers, and duties are otherwise  
10      allocated or transferred by law.

11      (Source: P.A. 94-793, eff. 5-19-06.)

12             (20 ILCS 1105/17 new)

13       Sec. 17. Illinois Qualified Clean Coal Technology Grant  
14       Program.

15       (a) Subject to appropriation, the Department shall provide  
16       grants for the purpose of funding or financing capital  
17       projects, operating activities, contractual expenses and fees,  
18       and other expenses that will allow the grant recipient to (i)  
19       meet the qualifications of a qualified clean coal facility, as  
20       defined in this Act, (ii) operate the electric generating unit  
21       as a qualified clean coal facility while complying with State  
22       and federal emissions requirements applicable to the grant  
23       recipient's entire electric generating fleet, and (iii)  
24       mitigate the environmental impacts of the operation of  
25       coal-fueled electric generation units in this State. For

1 purposes of this Section, "contractual expenses and fees" shall  
2 include, without limitation, (i) contractual termination fees  
3 paid by the owner of a coal-fueled electric generation facility  
4 to terminate one or more contracts for the purchase or delivery  
5 of coal that is to be replaced by United States high volatile  
6 rank bituminous coal with an emissions factor of less than 210  
7 pounds of carbon dioxide per million btu and (ii) payments made  
8 by the owner of a coal-fueled electric generation facility,  
9 pursuant to contract, to the owner or operator of transmission  
10 facilities as the consideration for implementing transmission  
11 system efficiency improvements that will reduce congestion and  
12 increase capacity of generating units converted to burn coal  
13 meeting specified criteria. All grants shall be provided  
14 pursuant to contracts between the Department and an eligible  
15 recipient in accordance with this Section. Each grant must be  
16 provided for one or more specific capital projects, operating  
17 activities, contractual expenses and fees, or other expenses  
18 that have the specific objective or purpose of increasing the  
19 use of, or conversion to, high volatile rank bituminous coal  
20 with an emissions factor of less than 210 pounds of carbon  
21 dioxide per million btu and mitigating the environmental  
22 impacts of operating the electric generating unit or units.  
23 Grants may be provided for capital projects, operating  
24 activities, contractual expenses and fees, and other expenses  
25 incurred or to be incurred for the purpose of increasing the  
26 use of, or conversion to, high volatile rank bituminous coal

1 with an emissions factor of less than 210 pounds of carbon  
2 dioxide per million btu and having the following purposes or  
3 any other purpose that is consistent with the objectives of  
4 this Act:

5 (1) installation or modification of emissions controls  
6 or other necessary equipment and materials on one or more  
7 coal-fueled electric generating units;

8 (2) efficiency improvements such as reductions in heat  
9 rate at one or more coal-fueled electric generating units  
10 that reduce the amount of coal that must be burned to  
11 produce a megawatthour of electricity;

12 (3) modifications or conversion of an existing  
13 coal-fueled electric generating unit to a coal-fueled  
14 electric generating unit capable of using high volatile  
15 rank bituminous coal with an emissions factor of less than  
16 210 pounds of carbon dioxide per million btu while meeting  
17 applicable environmental requirements;

18 (4) installation of or modifications to equipment at  
19 other electric generating units in the grant recipient's  
20 generating fleet that are necessary to enable the grant  
21 recipient to use high volatile rank bituminous coal with an  
22 emissions factor of less than 210 pounds of carbon dioxide  
23 per million btu at one or more electric generating units  
24 while complying with applicable State and federal  
25 emissions requirements on a fleet-wide basis;

26 (5) transmission system efficiency improvements to

1 reduce congestion and increase capacity of units converted  
2 to burn coal meeting specified criteria; and

3 (6) funding the costs of operating activities,  
4 contractual expenses and fees, and other expenses incurred  
5 to enable the increased use of, or conversion to, high  
6 volatile rank bituminous coal with an emissions factor of  
7 less than 210 pounds of carbon dioxide per million btu.

8 (b) Grant funds awarded may be paid to the recipient on a  
9 one-time basis or over a period of up to 5 years in accordance  
10 with the terms of the contract between the Department and the  
11 recipient. No grant amount shall exceed \$500,000,000 in total  
12 over the term of the grant.

13 (c) The Department may provide grants based on the amount  
14 of funds available in the Clean Coal Technology Development and  
15 Utilization Fund; provided that at no time may payments be made  
16 to any recipient in excess of the total amount of funds  
17 available in the Clean Coal Technology Development and  
18 Utilization Fund.

19 (d) The grant contract between the Department and the  
20 recipient shall include, at a minimum, the following terms:

21 (1) the name and location of the coal-fueled electric  
22 generating unit or units at or for which the capital  
23 project, operating activity, or expense for which the grant  
24 is being provided will be implemented or incurred;

25 (2) the total amount of the grant and the timing of the  
26 release of the grant funds to the recipient, such as in a

1 single payment or in a series of periodic payments over a  
2 period of up to 5 years;

3 (3) a detailed description of the capital project,  
4 operating activity, contractual expense or fee, or other  
5 expense for which the grant is being provided, including a  
6 description of the manner in which the capital project,  
7 operating activity, or expense will enable or facilitate an  
8 increase in the use of, or conversion to, high volatile  
9 rank bituminous coal with an emissions factor of less than  
10 210 pounds of carbon dioxide per million btu and mitigate  
11 environmental impacts of the operation of the coal-fueled  
12 electric generating unit;

13 (4) a detailed schedule for execution, implementation,  
14 and completion of the capital project or operating  
15 activity;

16 (5) quantifiable performance objectives or outcomes of  
17 the capital project, operating activity, contractual  
18 expense or fee, or other expense with respect to the  
19 increased use of, or conversion to, high volatile rank  
20 bituminous coal with an emissions factor of less than 210  
21 pounds of carbon dioxide per million btu and mitigation of  
22 environmental impacts of operation of the generating unit  
23 or units, including a description of the manner in which  
24 achievement of the performance objectives or outcomes will  
25 be measured and will be reported by the recipient to the  
26 Department;

1           (6) a description of procedures by which the recipient  
2           will (i) maintain accounts and records of expenditures of  
3           grant funds, which accounts and records shall be made  
4           available for inspection and audit by the Department on  
5           reasonable notice, and (ii) provide periodic reports to the  
6           Department on the expenditure of grant funds and on  
7           progress in implementing or completing the capital project  
8           or operating activity;

9           (7) a provision specifying that the grant amount will  
10           not be increased if the cost of the capital project or  
11           operating activity or the amount of the contractual  
12           expenses and fees or other expenses exceeds the estimated  
13           cost stated in the contract;

14           (8) provisions specifying that if the performance  
15           objectives or outcomes for the capital project, operating  
16           activity, contractual expenses and fees or other expenses  
17           as specified in the contract are not achieved based on the  
18           measurement methods specified in the contract, a portion of  
19           the grant amount will be repaid by the recipient to the  
20           Department in accordance with measures and procedures  
21           specified in the contract; and

22           (9) such other usual and customary provisions for the  
23           administration and monitoring of grants and grant  
24           recipients as the Department may by rule adopt.



1       Sec. 20. Clean Coal Technology Development and Utilization  
2       Fund.

3       (a) The Clean Coal Technology Development and Utilization  
4       Fund is created as a special fund in the State treasury.

5       (b) The Clean Coal Technology Development and Utilization  
6       Fund shall be administered by the Department to provide grants  
7       under Section 17 of this Act.

8             Section 5-25. The State Finance Act is amended by adding  
9       Section 5.878 as follows:

10            (30 ILCS 105/5.878 new)

11            Sec. 5.878. The Clean Coal Technology Development and  
12            Utilization Fund.

13                                    ARTICLE 99. EFFECTIVE DATE.

14            Section 99-999. Effective date. This Act takes effect upon  
15       becoming law.