

SB1701



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

SB1701

Introduced 2/26/2021, by Sen. Chapin Rose

SYNOPSIS AS INTRODUCED:

New Act

Creates the State Power Purchase Agreement Act. Provides that the Smart Energy Design Assistance Center (SEDAC) is designated as the lead agency for the development and promotion of a program to facilitate the deployment of renewable energy power purchase agreements with State agencies. Provides for the selection of qualified renewable energy power purchase agreement project developers. Allows State agencies to enter into renewable energy power purchase agreements with renewable energy developers for the construction and use of solar or wind energy, or both, on State property controlled by the State agency or on which daily operations of the State agency occur. Provides further requirements concerning the awarding of contracts to developers and purchase of power under power purchase agreements. Specifies the duration of power purchase agreement contracts. Provides for third-party financing of renewable energy power purchase agreement projects. Provides for the use of moneys saved by State agencies by entering into renewable energy power purchase agreements. Provides for reporting to the Illinois Commerce Commission. Defines terms. Effective immediately.

LRB102 15501 RJF 20864 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning finance.

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 State
5 Power Purchase Agreement Act.

6 Section 5. Purpose. The purpose of this Act is to obtain
7 long-term energy and cost-savings for State agencies by
8 facilitating engagement in Power Purchase Agreements in
9 connection with buildings, facilities, and lands owned,
10 operated, or under the supervision and control of State
11 agencies. These agreements will improve and protect the
12 health, safety, security, and welfare of the people of this
13 State by promoting renewable energy deployment, reducing air
14 emissions, and reducing costs.

15 Section 10. Definitions. As used in this Act:

16 "Renewable energy infrastructure" means solar and wind
17 energy infrastructure constructed on State property under the
18 provisions of a power purchase project agreement.

19 "Renewable energy power purchase agreement" is a long-term
20 contract between a party that generates renewable electricity
21 (typically an independent power developer) and a State agency
22 that purchases electricity.

1 "Renewable energy power purchase agreement project
2 developer" or "developer" means a person or organization with
3 a record of successful deployment and operation of renewable
4 energy power purchase agreement projects.

5 "Renewable energy project" means any system comprised of
6 equipment, devices, or fuels that enable the use or storage of
7 renewable energy sources such as wind, solar, geothermal, or
8 biofuels.

9 "State agency" has the meaning provided in Section 1-7 of
10 the Illinois State Auditing Act.

11 Section 15. Smart Energy Design Assistance Center (SEDAC).

12 (a) The Smart Energy Design Assistance Center (SEDAC)
13 based at the University of Illinois at Urbana-Champaign is
14 hereby designated to be the lead agency for the development
15 and promotion of a program to facilitate the deployment of
16 renewable energy power purchase agreements with State
17 agencies. SEDAC will coordinate its activities with the
18 Department of Central Management Services and other relevant
19 State agencies, under the direction of the Governor, and will
20 have the following duties with respect to this program:

21 (1) assistance to the Department of Central Management
22 Services to assemble a list of qualified renewable energy
23 project developers and to negotiate with such qualified
24 project developers master service contracts and pricing
25 schedules;

1 (2) development of a standardized power purchase
2 agreement contract process and standard contract
3 documents, including requests for qualifications, requests
4 for proposals, and reporting metrics and content on the
5 operations and status of the renewable energy power
6 purchase project agreement; and

7 (3) promotion of the renewable energy power purchase
8 agreements to all State agencies.

9 (b) SEDAC shall assist State agencies in identifying,
10 evaluating, and implementing cost-effective renewable energy
11 power purchase agreements at their facilities. The assistance
12 shall include: (1) notifying State agencies of this Act; (2)
13 apprising State agencies of opportunities to implement
14 renewable energy power purchase agreements; (3) providing
15 technical and analytical support, including assessment and
16 identification of site specific renewable energy
17 opportunities; (4) reviewing and verifying estimates for
18 energy savings and emissions reductions; and (5) assisting in
19 the structuring and arranging of renewable energy power
20 purchase agreements and projects.

21 (c) SEDAC is authorized to fix, charge, and collect
22 reasonable fees, not to exceed 2% of the energy cost savings of
23 the renewable energy power purchase agreement for any
24 administrative or technical support provided by SEDAC, or its
25 designee, under this subsection (c) from the State agency that
26 uses its technical support services. State agencies are

1 authorized to add the costs of these fees to the total cost of
2 the renewable energy power purchase agreement.

3 (d) The Governor is encouraged to develop and submit to
4 the General Assembly a regular or supplemental budget request
5 for the additional funds and staffing required by the Smart
6 Energy Design Assistance Center to fulfill the duties required
7 under this Section.

8 Section 20. Selection of qualified renewable energy power
9 purchase agreement project developers. The State process of
10 implementing renewable energy power purchase agreements shall
11 be as provided in this Section.

12 (a) Regarding requests for qualifications, the Department
13 Central Management Services is authorized to assemble a list
14 of qualified renewable energy power purchase agreements
15 project developers, in accordance with the provisions of the
16 Illinois Procurement Code. The Department of Central
17 Management Services shall attempt to use objective criteria in
18 the selection process. The criteria for evaluation shall
19 include substantive factors to assess the capability of the
20 qualified renewable energy power purchase agreement project
21 developers in the areas of design, engineering, installation,
22 maintenance, and repairs associated with renewable energy
23 systems. The substantive factors shall be as follows: (1)
24 experience in the design, implementation, and maintenance of
25 renewable energy systems; (2) post-installation project

1 monitoring, data collection, and reporting of savings; (3)
2 overall project experience and qualifications; (4) management
3 capability; (4) ability to access long-term financing; (5)
4 experience with projects of similar size and scope; and (6)
5 other factors determined by the State agency to be relevant
6 and appropriate and relate to the ability to perform the
7 project.

8 (b) Regarding requests for proposals, before entering into
9 a renewable energy power purchase agreement under this
10 Section, a State agency shall issue a request for proposals
11 from up to 3 qualified renewable energy power purchase
12 agreement project developers. A State agency may thereafter
13 award the performance contract to the qualified purchase
14 agreement project developer that best meets the needs of the
15 State agency, which need not be the lowest cost provided. A
16 cost-effective feasibility analysis shall be prepared in
17 response to the request for proposals. The feasibility
18 analysis included in the response to the request for proposals
19 shall serve as the selection document for purposes of
20 selecting a renewable energy powers purchase agreement project
21 developer to engage in final contract negotiations. Factors to
22 be included in selecting among the renewable energy power
23 purchase agreement project developers include contract terms,
24 comprehensiveness of the proposal, technical feasibility,
25 experience, and overall benefits to the State agency.

1 Section 25. Renewable energy power purchase agreement
2 projects.

3 (a) Subject to the provisions of Section 20, a State
4 agency may enter into a renewable energy power purchase
5 agreement with renewable energy developers for the
6 construction and use of solar or wind energy, or both, on State
7 property controlled by the State agency or on which daily
8 operations of the State agency occur.

9 (b) State agencies choosing to enter into a renewable
10 energy power purchase agreement under subsection (a) shall
11 enter into such agreement with a developer chosen through a
12 process in accordance with Section 20 and otherwise meeting
13 the requirements of the Illinois Procurement Code regarding
14 requests for proposals. A developer bidding for a contract
15 under this Section shall include a list of potential
16 third-party investors that would be ready and willing to
17 invest in the project upon awarding of the contract. A bid made
18 without a list of potential investors shall not be accepted
19 and no contract shall be awarded.

20 (c) The developer awarded a contract under subsection (b)
21 shall be provided land and facility access to the property
22 used by the State agency for the purpose of constructing and
23 managing a renewable energy infrastructure. The State agency,
24 based upon the renewable energy power purchase agreement,
25 shall then be able to purchase the power produced by the
26 renewable energy infrastructure from the developer at a lower

1 rate than it would otherwise pay for power. The developer
2 shall be responsible for the construction and management of
3 the renewable energy infrastructure on property used by the
4 State agency.

5 (d) Upon the awarding of a contract under subsection (b),
6 and in addition to the provisions of subsection (c), the
7 potential investors listed in the developer's bid shall be
8 contacted for the purposes of investing capital toward the
9 construction and operation of a renewable energy
10 infrastructure on property used by the State agency as
11 provided under the renewable energy power purchase agreement.
12 The investor shall be compensated through a subsequent
13 contract entered into between the investor and the State
14 agency. Failure of the developer to secure an investor
15 provided for in its bid may, at the discretion of the State
16 agency, render the contract between the developer and the
17 State agency void.

18 (e) No State agency that has entered into a renewable
19 energy power purchase agreement under this Section shall
20 purchase more power than is that State agency's normal
21 consumption for a given yearly period, nor shall that State
22 agency contract for the construction of renewable energy
23 infrastructure estimated to produce more power than is that
24 State agency's normal consumption for a given yearly period.

25 (f) Each State agency that has entered into a renewable
26 energy power purchase agreement under this Section shall,

1 within 2 years after entering into the agreement, issue a
2 report to the General Assembly on the operations and status of
3 the renewable energy power purchase agreement.

4 Section 30. Duration of contracts; financing. A renewable
5 energy power purchase agreement, and payments provided
6 thereunder, shall extend for periods of between 5 and 25
7 years. The allowable length of the contract may also reflect
8 the useful life of renewable energy equipment and facilities.
9 A renewable energy power purchase agreement may provide for
10 financing, including tax incentives by a third party. The
11 contract for third-party financing may be separate from the
12 renewable energy power purchase agreement. A separate contract
13 for third-party financing must include a provision that the
14 third-party financier must not be granted rights or privileges
15 that exceed the rights and privileges available to the
16 renewable energy power purchase agreement project developer.

17 Section 35. Use of moneys. The State agency engaging in
18 the renewable energy power purchase agreement shall retain the
19 savings achieved by entering into the renewable energy power
20 purchase agreement contract. State agencies are encouraged to
21 reinvest savings wherever practical into additional cost
22 savings measures. Unless otherwise provided by law, a State
23 agency shall use funds designated for operating and capital
24 expenditures or utilities for any renewable energy power

1 purchase agreement.

2 Section 40. Reports. For all projects carried out under
3 this Act, the State agency shall report the name of the
4 project, the project host, the investment on the project, the
5 energy savings, the energy cost savings, and the greenhouse
6 gas emission reductions to the Illinois Commerce Commission.
7 The Illinois Commerce Commission may report energy savings and
8 greenhouse gas emission reductions to the federal Energy
9 Information Administration under the Energy Policy Act of 1992
10 reporting standards.

11 Section 99. Effective date. This Act takes effect upon
12 becoming law.