



93RD GENERAL ASSEMBLY
State of Illinois
2003 and 2004

Introduced 2/4/2004, by Patrick Welch

SYNOPSIS AS INTRODUCED:

New Act

Creates the Affordable Standard Electric Service Act. Provides that any residential customer that is not otherwise being served by a competitive electricity supplier shall be automatically provided with standard electric service and any residential customer who is served by a competitive electricity supplier shall have the option to select standard electric service at any time. Provides that each electric distribution company shall procure and provide standard electric service pursuant to a procurement plan for generation supply approved by the Commission and that standard electric service shall be priced based on the underlying costs associated with the provision of this service and shall not be structured to stimulate or force the development of a competitive retail market. Requires that standard electric service be available to residential and small commercial customers at any time and without the imposition of an additional fee or charge for switching to such service. Creates the Residential Advisory Committee. Effective immediately.

LRB093 15964 AMC 41587 b

1 AN ACT concerning utilities.

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 Affordable Standard Electric Service Act.

6 Section 5. Legislative findings and intent.

7 (a) The Illinois General Assembly finds the following:

8 (1) Electric service is essential to the health and
9 well-being of residents, public safety, and orderly
10 economic development.

11 (2) Electric service should be available to
12 residential and small commercial customers at affordable
13 prices and reasonable terms and conditions.

14 (3) The transition to a competitive market for
15 residential and small commercial customers has taken
16 longer than originally expected and the General Assembly
17 finds that a regulated electric service must be provided to
18 residential and small commercial customers for an extended
19 period of time.

20 (4) The price for electric service provided to
21 residential and small commercial customers should reflect
22 a diversified portfolio of electric supply and demand
23 options to assure stable and affordable rates that reflect
24 long-term prices.

25 (b) It is the intent of the Illinois General Assembly to
26 assure just, reasonable, and affordable rates for residential
27 customers who are not served by a competitive electricity
28 supplier.

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

30 "Commission" means the Illinois Commerce Commission.

31 "Competitive electricity supplier" means the person

1 licensed to sell electricity supply service to retail customers
2 in this State.

3 "Electric distribution company" means the electric utility
4 authorized to provide electric service.

5 "Residential customer" means a customer receiving electric
6 service pursuant to the residential rate tariff approved by the
7 Commission.

8 "Standard electric service" shall include regulated
9 distribution and transmission services and an electricity
10 supply service provided to a customer who is not being served
11 by a competitive electricity provider.

12 Section 15. Standard Electric Service.

13 (a) As of January 1, 2007, any residential customer that is
14 not otherwise being served by a competitive electricity
15 supplier shall be automatically provided with standard
16 electric service and any residential customer who is served by
17 a competitive electricity supplier shall have the option to
18 select standard electric service at any time. The terms and
19 conditions for standard electric service shall, at a minimum,
20 reflect the consumer protection programs and policies
21 governing application for service, deposit, billing, credit,
22 and collection rules currently in effect.

23 (b) Standard electric service shall be priced in accordance
24 with the purposes of this Act.

25 Section 20. Standard Electric Service Provider.

26 (a) Each electric distribution company shall procure and
27 provide standard electric service pursuant to a procurement
28 plan for generation supply approved by the Commission after
29 notice and opportunity for public hearing. This procurement
30 plan shall include a competitive bidding methodology for that
31 portion of the generation supply service that is not otherwise
32 under contract or otherwise owned by the distribution company
33 or demonstrate why such process is unlikely to result in prices
34 or terms of service that comply with this Act. The procurement

1 plan and competitive bid methodology shall comply with the
2 minimum requirements set forth in Section 25 of this Act.

3 (b) Standard electric service shall be priced based on the
4 underlying costs associated with the provision of this service
5 and shall not be structured to stimulate or force the
6 development of a competitive retail market. Rather, this
7 service shall operate as a "benchmark" or "price to compare"
8 against which competitive electricity 'suppliers can market
9 their services.

10 (c) Standard electric service shall be billed and collected
11 by the electric distribution company.

12 Section 25. Procurement plan for standard electric
13 Service.

14 (a) The Commission shall require each electric
15 distribution company to submit a procurement plan for the
16 acquisition of Standard Electric Service that reflects all of
17 the following requirements:

18 (1) A minimum of a 10 to 15-year planning and
19 acquisition horizon.

20 (2) Acquisition strategies that will provide the
21 lowest total cost and stable prices over the term of the
22 plan.

23 (3) A portfolio that will reflect a diversity of
24 electric supply and cost-effective demand reduction
25 products and services.

26 (4) A portfolio in which the use of spot market
27 transactions is reduced to a minimum consistent with a
28 reasonable assessment of risk with respect to both price
29 and generation supply availability during the term of the
30 plan.

31 (5) An incentive mechanism that establishes a
32 procurement benchmark that relies upon quantifiable
33 objectives and standards and that balances risks and
34 rewards for the electric distribution company.

35 (b) With respect to the acquisition of any portion of

1 standard electric service pursuant to a competitive auction,
2 the Commission shall specify the format of that process, as
3 well as the criteria to ensure that the auction process is open
4 and adequately subscribed. Prior to the approval of any
5 competitive auction mechanism, the Commission shall find that
6 such an approach is likely to result in a price for standard
7 electric service that meets the objectives of item (1) of
8 subsection (a) of this Section.

9 Section 30. Terms and conditions for standard electric
10 service.

11 (a) Standard electric service shall be available to
12 residential and small commercial customers at any time and
13 without the imposition of an additional fee or charge for
14 switching to such service. However, the Commission may adopt
15 minimum terms of service (not to exceed 12 months) or
16 additional fees for switching to competitive electric
17 providers if the Commission finds, after notice and opportunity
18 for public hearing and comment, that a significant number of
19 residential and small commercial customers have switched or are
20 likely to switch in the near future to competitive electric
21 suppliers or aggregators, thus increasing the risk associated
22 with the provision of standard electric service under stable
23 prices for the remaining customers. Any party that proposes to
24 impose minimum terms of service or switching fees on
25 residential and small commercial customers shall demonstrate
26 that switching activity by such customers has or is likely to
27 result in an increase in total costs for standard electric
28 service for that class of customers that exceeds 1% on an
29 annual basis.

30 (b) The Commission may adopt restrictions on the access to,
31 switching fees, or terms of service requirements for the
32 provision of standard electric service for large commercial and
33 industrial customers. Alternatively, the Commission is
34 authorized to terminate the obligation of the electric
35 distribution company to provide standard electric service to

1 such customers if it finds, after opportunity for public
2 hearing and comment, that a robust competitive market is
3 providing such service at reasonable prices. A robust
4 competitive market shall reflect the scope and depth of
5 switching activity and variety of competitive electric
6 providers offering electric service to affected customers.

7 Section 35. Prohibitions.

8 (a) The Commission shall not isolate nonpaying or customers
9 with poor credit risk in a separate class for the purpose of
10 any service. The Commission shall use the pricing method for
11 standard electric service (based on the approved procurement
12 plan for the electric distribution company) for each rate
13 classification currently in effect on the effective date of
14 this Act.

15 (b) The Commission shall not require any residential to
16 install a new meter or adopt a different method of rate design
17 for standard electric service, but the Commission may approve
18 alternative electric service options that may require an
19 advanced meter or that reflect an approved demand response
20 program that are available to customers on a voluntary basis,
21 except that the Commission shall not approve or allow the
22 standard electric service provider to require a customer to
23 install or accept a prepayment meter as a condition of receipt
24 of standard electric service.

25 Section 40. Residential Advisory Committee.

26 (a) The Commission shall appoint a 10-member Residential
27 Advisory Committee to oversee the implementation of this Act.
28 Membership shall consist of 4 legislators, one each recommended
29 by the President of the Senate, the Minority Leader of the
30 Senate, the Speaker of the House of Representatives, and the
31 Minority Leader of the House of Representatives; 2
32 representatives of the Citizens Utility Board; 2
33 representatives of a Statewide consumer advocacy organization;
34 and 2 representatives of a membership-based Statewide senior

1 citizen advocacy organization. The Committee shall be chaired
2 by the Chair of the Commission, or his or her designee. The
3 Committee shall meet quarterly or more frequently at the call
4 of the Chair.

5 (b) The Board shall be provided copies of all
6 administrative rules, policy statements, guidelines, and
7 memorandums and changes to administrative rules, policy
8 statements, guidelines, and memorandums for review and comment
9 prior to notice being given to the public. If the Board, having
10 been asked for its review, fails to advise the Department
11 within 90 days, the rules shall be considered acted upon.

12 (c) This Section is repealed on January 1, 2008.

13 Section 99. Effective date. This Act takes effect upon
14 becoming law.