1 AN ACT concerning regulation.

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

- 4 Section 5. The Illinois Power Agency Act is amended by
- 5 changing Sections 1-10 and 1-20 and by adding Section 1-56 as
- 6 follows:
- 7 (20 ILCS 3855/1-10)
- 8 (Text of Section before amendment by P.A. 95-1027)
- 9 Sec. 1-10. Definitions.
- 10 "Agency" means the Illinois Power Agency.
- "Agency loan agreement" means any agreement pursuant to
- 12 which the Illinois Finance Authority agrees to loan the
- 13 proceeds of revenue bonds issued with respect to a project to
- 14 the Agency upon terms providing for loan repayment installments
- 15 at least sufficient to pay when due all principal of, interest
- and premium, if any, on those revenue bonds, and providing for
- 17 maintenance, insurance, and other matters in respect of the
- 18 project.
- "Authority" means the Illinois Finance Authority.
- 20 "Clean coal SNG facility" means a facility that uses a
- 21 gasification process to produce substitute natural gas, that
- sequesters at least 90% of the total carbon emissions that the
- 23 facility would otherwise emit and that uses petroleum coke or

- 1 coal as a feedstock, with all such coal having a high
- 2 bituminous rank and greater than 1.7 pounds of sulfur per
- 3 <u>million btu content.</u>

- 4 "Commission" means the Illinois Commerce Commission.
- 5 "Costs incurred in connection with the development and 6 construction of a facility" means:
 - (1) the cost of acquisition of all real property and improvements in connection therewith and equipment and other property, rights, and easements acquired that are deemed necessary for the operation and maintenance of the facility;
 - (2) financing costs with respect to bonds, notes, and other evidences of indebtedness of the Agency;
 - (3) all origination, commitment, utilization, facility, placement, underwriting, syndication, credit enhancement, and rating agency fees;
 - (4) engineering, design, procurement, consulting, legal, accounting, title insurance, survey, appraisal, escrow, trustee, collateral agency, interest rate hedging, interest rate swap, capitalized interest and other financing costs, and other expenses for professional services; and
 - (5) the costs of plans, specifications, site study and investigation, installation, surveys, other Agency costs and estimates of costs, and other expenses necessary or incidental to determining the feasibility of any project,

- 1 together with such other expenses as may be necessary or
- 2 incidental to the financing, insuring, acquisition, and
- 3 construction of a specific project and placing that project
- 4 in operation.
- 5 "Department" means the Department of Commerce and Economic
- 6 Opportunity.
- 7 "Director" means the Director of the Illinois Power Agency.
- 8 "Demand-response" means measures that decrease peak
- 9 electricity demand or shift demand from peak to off-peak
- 10 periods.
- "Energy efficiency" means measures that reduce the amount
- of electricity required to achieve a given end use.
- "Electric utility" has the same definition as found in
- 14 Section 16-102 of the Public Utilities Act.
- 15 "Facility" means an electric generating unit or a
- 16 co-generating unit that produces electricity along with
- 17 related equipment necessary to connect the facility to an
- 18 electric transmission or distribution system.
- "Governmental aggregator" means one or more units of local
- 20 government that individually or collectively procure
- 21 electricity to serve residential retail electrical loads
- located within its or their jurisdiction.
- "Local government" means a unit of local government as
- 24 defined in Article VII of Section 1 of the Illinois
- 25 Constitution.
- 26 "Municipality" means a city, village, or incorporated

- 1 town.
- 2 "Person" means any natural person, firm, partnership,
- 3 corporation, either domestic or foreign, company, association,
- 4 limited liability company, joint stock company, or association
- 5 and includes any trustee, receiver, assignee, or personal
- 6 representative thereof.
- 7 "Project" means the planning, bidding, and construction of
- 8 a facility.
- 9 "Public utility" has the same definition as found in
- 10 Section 3-105 of the Public Utilities Act.
- "Real property" means any interest in land together with
- 12 all structures, fixtures, and improvements thereon, including
- 13 lands under water and riparian rights, any easements,
- 14 covenants, licenses, leases, rights-of-way, uses, and other
- interests, together with any liens, judgments, mortgages, or
- other claims or security interests related to real property.
- 17 "Renewable energy credit" means a tradable credit that
- 18 represents the environmental attributes of a certain amount of
- 19 energy produced from a renewable energy resource.
- 20 "Renewable energy resources" includes energy and its
- 21 associated renewable energy credit or renewable energy credits
- from wind, solar thermal energy, photovoltaic cells and panels,
- 23 biodiesel, crops and untreated and unadulterated organic waste
- 24 biomass, trees and tree trimmings, hydropower that does not
- 25 involve new construction or significant expansion of
- 26 hydropower dams, and other alternative sources of

environmentally preferable energy. For purposes of this Act, landfill gas produced in the State is considered a renewable energy resource. "Renewable energy resources" does not include the incineration or burning of tires, garbage, general household, institutional, and commercial waste, industrial lunchroom or office waste, landscape waste other than trees and tree trimmings, railroad crossties, utility poles, or construction or demolition debris, other than untreated and unadulterated waste wood.

"Revenue bond" means any bond, note, or other evidence of indebtedness issued by the Authority, the principal and interest of which is payable solely from revenues or income derived from any project or activity of the Agency.

"Total resource cost test" or "TRC test" means a standard that is met if, for an investment in energy efficiency or demand-response measures, the benefit-cost ratio is greater than one. The benefit-cost ratio is the ratio of the net present value of the total benefits of the program to the net present value of the total costs as calculated over the lifetime of the measures. A total resource cost test compares the sum of avoided electric utility costs, representing the benefits that accrue to the system and the participant in the delivery of those efficiency measures, to the sum of all incremental costs of end-use measures that are implemented due to the program (including both utility and participant contributions), plus costs to administer, deliver, and

- evaluate each demand-side program, to quantify the net savings
- 2 obtained by substituting the demand-side program for supply
- 3 resources. In calculating avoided costs of power and energy
- 4 that an electric utility would otherwise have had to acquire,
- 5 reasonable estimates shall be included of financial costs
- 6 likely to be imposed by future regulations and legislation on
- 7 emissions of greenhouse gases.
- 8 (Source: P.A. 95-481, eff. 8-28-07; 95-913, eff. 1-1-09.)
- 9 (Text of Section after amendment by P.A. 95-1027)
- 10 Sec. 1-10. Definitions.
- "Agency" means the Illinois Power Agency.
- "Agency loan agreement" means any agreement pursuant to
- 13 which the Illinois Finance Authority agrees to loan the
- 14 proceeds of revenue bonds issued with respect to a project to
- the Agency upon terms providing for loan repayment installments
- 16 at least sufficient to pay when due all principal of, interest
- 17 and premium, if any, on those revenue bonds, and providing for
- 18 maintenance, insurance, and other matters in respect of the
- 19 project.
- 20 "Authority" means the Illinois Finance Authority.
- "Clean coal facility" means an electric generating
- 22 facility that uses primarily coal as a feedstock and that
- 23 captures and sequesters carbon emissions at the following
- levels: at least 50% of the total carbon emissions that the
- 25 facility would otherwise emit if, at the time construction

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commences, the facility is scheduled to commence operation before 2016, at least 70% of the total carbon emissions that the facility would otherwise emit if, at the time construction commences, the facility is scheduled to commence operation during 2016 or 2017, and at least 90% of the total carbon emissions that the facility would otherwise emit if, at the time construction commences, the facility is scheduled to commence operation after 2017. The power block of the clean coal facility shall not exceed allowable emission rates for sulfur dioxide, nitrogen oxides, carbon monoxide, particulates and mercury for a natural gas-fired combined-cycle facility the same size as and in the same location as the clean coal facility at the time the clean coal facility obtains an approved air permit. All coal used by a clean coal facility shall have high volatile bituminous rank and greater than 1.7 pounds of sulfur per million btu content, unless the clean coal facility does not use gasification technology and was operating as a conventional coal-fired electric generating facility on June 1, 2009 (the effective date of Public Act 95-1027) this amendatory Act of the 95th General Assembly.

"Clean coal SNG facility" means a facility that uses a gasification process to produce substitute natural gas, that sequesters at least 90% of the total carbon emissions that the facility would otherwise emit and that uses petroleum coke or coal as a feedstock, with all such coal having a high bituminous rank and greater than 1.7 pounds of sulfur per

1 million btu content.

- 2 "Commission" means the Illinois Commerce Commission.
- 3 "Costs incurred in connection with the development and construction of a facility" means:
 - (1) the cost of acquisition of all real property and improvements in connection therewith and equipment and other property, rights, and easements acquired that are deemed necessary for the operation and maintenance of the facility;
 - (2) financing costs with respect to bonds, notes, and other evidences of indebtedness of the Agency;
 - (3) all origination, commitment, utilization, facility, placement, underwriting, syndication, credit enhancement, and rating agency fees;
 - (4) engineering, design, procurement, consulting, legal, accounting, title insurance, survey, appraisal, escrow, trustee, collateral agency, interest rate hedging, interest rate swap, capitalized interest and other financing costs, and other expenses for professional services; and
 - (5) the costs of plans, specifications, site study and investigation, installation, surveys, other Agency costs and estimates of costs, and other expenses necessary or incidental to determining the feasibility of any project, together with such other expenses as may be necessary or incidental to the financing, insuring, acquisition, and

- 1 construction of a specific project and placing that project
- 2 in operation.
- 3 "Department" means the Department of Commerce and Economic
- 4 Opportunity.
- 5 "Director" means the Director of the Illinois Power Agency.
- 6 "Demand-response" means measures that decrease peak
- 7 electricity demand or shift demand from peak to off-peak
- 8 periods.
- 9 "Energy efficiency" means measures that reduce the amount
- of electricity required to achieve a given end use.
- "Electric utility" has the same definition as found in
- 12 Section 16-102 of the Public Utilities Act.
- "Facility" means an electric generating unit or a
- 14 co-generating unit that produces electricity along with
- 15 related equipment necessary to connect the facility to an
- 16 electric transmission or distribution system.
- "Governmental aggregator" means one or more units of local
- 18 government that individually or collectively procure
- 19 electricity to serve residential retail electrical loads
- located within its or their jurisdiction.
- "Local government" means a unit of local government as
- 22 defined in Article VII of Section 1 of the Illinois
- 23 Constitution.
- 24 "Municipality" means a city, village, or incorporated
- 25 town.
- 26 "Person" means any natural person, firm, partnership,

- 1 corporation, either domestic or foreign, company, association,
- limited liability company, joint stock company, or association
- 3 and includes any trustee, receiver, assignee, or personal
- 4 representative thereof.
- 5 "Project" means the planning, bidding, and construction of
- 6 a facility.
- 7 "Public utility" has the same definition as found in
- 8 Section 3-105 of the Public Utilities Act.
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- 10 all structures, fixtures, and improvements thereon, including
- 11 lands under water and riparian rights, any easements,
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- interests, together with any liens, judgments, mortgages, or
- other claims or security interests related to real property.
- "Renewable energy credit" means a tradable credit that
- 16 represents the environmental attributes of a certain amount of
- energy produced from a renewable energy resource.
- "Renewable energy resources" includes energy and its
- 19 associated renewable energy credit or renewable energy credits
- from wind, solar thermal energy, photovoltaic cells and panels,
- 21 biodiesel, crops and untreated and unadulterated organic waste
- 22 biomass, trees and tree trimmings, hydropower that does not
- 23 involve new construction or significant expansion of
- 24 hydropower dams, and other alternative sources of
- environmentally preferable energy. For purposes of this Act,
- 26 landfill gas produced in the State is considered a renewable

energy resource. "Renewable energy resources" does not include the incineration or burning of tires, garbage, general household, institutional, and commercial waste, industrial lunchroom or office waste, landscape waste other than trees and tree trimmings, railroad crossties, utility poles, or construction or demolition debris, other than untreated and

construction of demotition debits, other than untreated a

unadulterated waste wood.

"Revenue bond" means any bond, note, or other evidence of indebtedness issued by the Authority, the principal and interest of which is payable solely from revenues or income derived from any project or activity of the Agency.

"Sequester" means permanent storage of carbon dioxide by injecting it into a saline aquifer, a depleted gas reservoir, or an oil reservoir, directly or through an enhanced oil recovery process that may involve intermediate storage in a salt dome.

"Servicing agreement" means (i) in the case of an electric utility, an agreement between the owner of a clean coal facility and such electric utility, which agreement shall have terms and conditions meeting the requirements of paragraph (3) of subsection (d) of Section 1-75, and (ii) in the case of an alternative retail electric supplier, an agreement between the owner of a clean coal facility and such alternative retail electric supplier, which agreement shall have terms and conditions meeting the requirements of Section 16-115(d)(5) of the Public Utilities Act.

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"Substitute natural gas" or "SNG" means a gas manufactured
by gasification of hydrocarbon feedstock, which is
substantially interchangeable in use and distribution with
conventional natural gas.

"Total resource cost test" or "TRC test" means a standard that is met if, for an investment in energy efficiency or demand-response measures, the benefit-cost ratio is greater than one. The benefit-cost ratio is the ratio of the net present value of the total benefits of the program to the net present value of the total costs as calculated over the lifetime of the measures. A total resource cost test compares the sum of avoided electric utility costs, representing the benefits that accrue to the system and the participant in the delivery of those efficiency measures, to the sum of all incremental costs of end-use measures that are implemented due the program (including both utility and participant contributions), plus costs to administer, deliver, evaluate each demand-side program, to quantify the net savings obtained by substituting the demand-side program for supply resources. In calculating avoided costs of power and energy that an electric utility would otherwise have had to acquire, reasonable estimates shall be included of financial costs likely to be imposed by future regulations and legislation on emissions of greenhouse gases.

(Source: P.A. 95-481, eff. 8-28-07; 95-913, eff. 1-1-09;

95-1027, eff. 6-1-09; revised 1-14-09.)

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(20 ILCS 3855/1-20)

- 2 Sec. 1-20. General powers of the Agency.
 - (a) The Agency is authorized to do each of the following:
 - (1) Develop electricity procurement plans to ensure adequate, reliable, affordable, efficient, and environmentally sustainable electric service at the lowest total cost over time, taking into account any benefits of price stability, for electric utilities that on December 31, 2005 provided electric service to at least 100,000 customers in Illinois. The procurement plans shall be updated on an annual basis and shall include electricity generated from renewable resources sufficient to achieve the standards specified in this Act.
 - (2) Conduct competitive procurement processes to procure the supply resources identified in the procurement plan, pursuant to Section 16-111.5 of the Public Utilities Act.
 - (3) Develop electric generation and co-generation facilities that use indigenous coal or renewable resources, or both, financed with bonds issued by the Illinois Finance Authority.
 - (4) Supply electricity from the Agency's facilities at cost to one or more of the following: municipal electric systems, governmental aggregators, or rural electric cooperatives in Illinois.

- (b) Except as otherwise limited by this Act, the Agency has all of the powers necessary or convenient to carry out the purposes and provisions of this Act, including without limitation, each of the following:
 - (1) To have a corporate seal, and to alter that seal at pleasure, and to use it by causing it or a facsimile to be affixed or impressed or reproduced in any other manner.
 - (2) To use the services of the Illinois Finance Authority necessary to carry out the Agency's purposes.
 - (3) To negotiate and enter into loan agreements and other agreements with the Illinois Finance Authority.
 - (4) To obtain and employ personnel and hire consultants that are necessary to fulfill the Agency's purposes, and to make expenditures for that purpose within the appropriations for that purpose.
 - (5) To purchase, receive, take by grant, gift, devise, bequest, or otherwise, lease, or otherwise acquire, own, hold, improve, employ, use, and otherwise deal in and with, real or personal property whether tangible or intangible, or any interest therein, within the State.
 - (6) To acquire real or personal property, whether tangible or intangible, including without limitation property rights, interests in property, franchises, obligations, contracts, and debt and equity securities, and to do so by the exercise of the power of eminent domain in accordance with Section 1-21; except that any real

property acquired by the exercise of the power of eminent domain must be located within the State.

- (7) To sell, convey, lease, exchange, transfer, abandon, or otherwise dispose of, or mortgage, pledge, or create a security interest in, any of its assets, properties, or any interest therein, wherever situated.
- (8) To purchase, take, receive, subscribe for, or otherwise acquire, hold, make a tender offer for, vote, employ, sell, lend, lease, exchange, transfer, or otherwise dispose of, mortgage, pledge, or grant a security interest in, use, and otherwise deal in and with, bonds and other obligations, shares, or other securities (or interests therein) issued by others, whether engaged in a similar or different business or activity.
- (9) To make and execute agreements, contracts, and other instruments necessary or convenient in the exercise of the powers and functions of the Agency under this Act, including contracts with any person, local government, State agency, or other entity; and all State agencies and all local governments are authorized to enter into and do all things necessary to perform any such agreement, contract, or other instrument with the Agency. No such agreement, contract, or other instrument shall exceed 40 years.
- (10) To lend money, invest and reinvest its funds in accordance with the Public Funds Investment Act, and take

and hold real and personal property as security for the payment of funds loaned or invested.

- (11) To borrow money at such rate or rates of interest as the Agency may determine, issue its notes, bonds, or other obligations to evidence that indebtedness, and secure any of its obligations by mortgage or pledge of its real or personal property, machinery, equipment, structures, fixtures, inventories, revenues, grants, and other funds as provided or any interest therein, wherever situated.
- (12) To enter into agreements with the Illinois Finance Authority to issue bonds whether or not the income therefrom is exempt from federal taxation.
- (13) To procure insurance against any loss in connection with its properties or operations in such amount or amounts and from such insurers, including the federal government, as it may deem necessary or desirable, and to pay any premiums therefor.
- (14) To negotiate and enter into agreements with trustees or receivers appointed by United States bankruptcy courts or federal district courts or in other proceedings involving adjustment of debts and authorize proceedings involving adjustment of debts and authorize legal counsel for the Agency to appear in any such proceedings.
 - (15) To file a petition under Chapter 9 of Title 11 of

the United States Bankruptcy Code or take other similar action for the adjustment of its debts.

- (16) To enter into management agreements for the operation of any of the property or facilities owned by the Agency.
- (17) To enter into an agreement to transfer and to transfer any land, facilities, fixtures, or equipment of the Agency to one or more municipal electric systems, governmental aggregators, or rural electric agencies or cooperatives, for such consideration and upon such terms as the Agency may determine to be in the best interest of the citizens of Illinois.
- (18) To enter upon any lands and within any building whenever in its judgment it may be necessary for the purpose of making surveys and examinations to accomplish any purpose authorized by this Act.
- (19) To maintain an office or offices at such place or places in the State as it may determine.
- (20) To request information, and to make any inquiry, investigation, survey, or study that the Agency may deem necessary to enable it effectively to carry out the provisions of this Act.
 - (21) To accept and expend appropriations.
- (22) To engage in any activity or operation that is incidental to and in furtherance of efficient operation to accomplish the Agency's purposes.

(23) To adopt, revise, amend, and repeal rules w	ith
respect to its operations, properties, and facilities	as
may be necessary or convenient to carry out the purposes	of
this Act, subject to the provisions of the Illin	ois
Administrative Procedure Act and Sections 1-22 and 1-35	of
this Act.	

- (24) To establish and collect charges and fees as described in this Act.
- (25) To manage procurement of substitute natural gas from a facility that meets the criteria specified in subsection (a) of Section 1-56 of this Act, on terms and conditions that may be approved by the Agency pursuant to subsection (d) of Section 1-56 of this Act, to support the operations of State agencies and local governments that agree to such terms and conditions. This procurement process is not subject to the Procurement Code.
- (Source: P.A. 95-481, eff. 8-28-07.)
- 18 (20 ILCS 3855/1-56 new)
- 19 Sec. 1-56. Clean coal SNG facility construction.
- 20 (a) It is the intention of the General Assembly to provide
 21 additional long-term natural gas price stability to the State
 22 and consumers by promoting the development of a clean coal SNG
 23 facility that would produce a minimum annual output of 30 Bcf
 24 of SNG and commence construction no later than June 1, 2013 on
 25 a brownfield site in a municipality with at least one million

is expressed;

1	residents. The costs associated with preparing a facility cost
2	report for such a facility, which contains all of the
3	information required by subsection (b) of this Section, may be
4	paid or reimbursed pursuant to subsection (c) of this Section.
5	(b) The facility cost report for a facility that meets the
6	criteria set forth in subsection (a) of this Section shall be
7	prepared by a duly licensed engineering firm that details the
8	estimated capital costs payable to one or more contractors or
9	suppliers for the engineering, procurement, and construction
10	of the components comprising the facility and the estimated
11	costs of operation and maintenance of the facility. The report
12	must be provided to the General Assembly and the Agency on or
13	before April 30, 2010. The facility cost report shall include
14	all of the following:
15	(1) An estimate of the capital cost of the core plant
16	based on a front-end engineering and design study. The core
17	plant shall include all civil, structural, mechanical,
18	electrical, control, and safety systems. The quoted
19	construction costs shall be expressed in nominal dollars as
20	of the date that the quote is prepared and shall include:
21	(A) capitalized financing costs during
22	<pre>construction;</pre>
23	(B) taxes, insurance, and other owner's costs; and
24	(C) any assumed escalation in materials and labor
25	beyond the date as of which the construction cost quote

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- (3) An operating and maintenance cost quote that will provide the estimated cost of delivered fuel, personnel, maintenance contracts, chemicals, catalysts, consumables, spares, and other fixed and variable operating and maintenance costs. This quote is subject to the following requirements:
 - (A) The delivered fuel cost estimate shall be provided by a recognized third party expert or experts in the fuel and transportation industries.
 - (B) The balance of the operating and maintenance cost quote, excluding delivered fuel costs shall be

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developed based on the inputs provided by a duly licensed engineering firm performing the construction cost quote, potential vendors under long-term service agreements and plant operating agreements, or recognized third-party plant operator or operators.

The operating and maintenance cost quote shall be expressed in nominal dollars as of the date that the quote is prepared and shall include (i) taxes, insurance, and other owner's costs and (ii) any assumed escalation in materials and labor beyond the date as of which the operating and maintenance cost quote is expressed.

- (c) Reasonable amounts paid or due to be paid by the owner or owners of the clean coal SNG facility to third parties unrelated to the owner or owners to prepare the facility cost report may be reimbursed or paid up to \$10 million, through funding authorized pursuant to 20 ILCS 3501/825-65.
- (d) The Agency shall review the facility report and based on that report, consider whether to enter into long-term contracts to purchase SNG from the facility pursuant to Section 1-20 of this Act. To assist with its evaluation of the report, the Agency may hire one or more experts or consultants, the reasonable costs of which, not to exceed \$250,000, shall be paid for by the owner or owners of the clean coal SNG facility submitting the facility cost report. The Agency may begin the process of selecting such experts or consultants prior to receipt of the facility cost report.

Section 95. No acceleration or delay. Where this Act makes changes in a statute that is represented in this Act by text that is not yet or no longer in effect (for example, a Section represented by multiple versions), the use of that text does not accelerate or delay the taking effect of (i) the changes made by this Act or (ii) provisions derived from any other Public Act.

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