



Rep. John E. Bradley

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1 AMENDMENT TO SENATE BILL 678

2 AMENDMENT NO. _____. Amend Senate Bill 678 as follows:

3 on page 4, immediately below line 21, by inserting the
4 following:

5 "Coal gasification unit" means equipment that is designed
6 to process coal and convert the energy content of coal into
7 SNG."; and

8 on page 8, by replacing lines 3 through 13 with "facility using
9 gasification technology or an SNG-ready generating facility
10 that: (1) has a nameplate capacity of at least 500 MW; (2)
11 irrevocably commits in its proposed sourcing agreement to use
12 coal for at least 50% of the total feedstock over the term of a
13 sourcing agreement, with all coal having high volatile
14 bituminous rank and greater than 1.7 pounds of sulfur per
15 million btu content, but this clause (2) shall not apply if the
16 facility is an SNG-ready generating facility; (3) is designed

1 to capture and sequester at least 90% of the carbon dioxide
2 emissions that the portion of the facility, if any, that
3 produces SNG would otherwise emit and at least 50% of the total
4 carbon dioxide emissions that the facility as a whole would
5 otherwise emit, but this clause (3) shall not apply if the
6 facility is an SNG-ready generating facility; (4) absent an
7 appeal of a permit or"; and

8 on page 11, immediately below line 25, by inserting the
9 following:

10 "SNG-ready capital costs" means the portion of the capital
11 costs of an SNG-ready generating facility that are necessary to
12 accommodate future integrated operation of such generating
13 facility with one or more coal gasification units, but only to
14 the extent such capital costs would not have been part of the
15 capital costs of a similar electric generating facility that is
16 not designed to accommodate future integrated operation with
17 one or more coal gasification units.

18 "SNG-ready capital rate component" means, for any year, the
19 portion of the amounts paid under sourcing agreements with the
20 initial clean coal facility that is attributable to SNG-ready
21 capital costs being included in the return of capital and
22 return on capital components of the formula rate.

23 "SNG-ready generating facility" means an electric
24 generating facility that is capable of using SNG as a fuel and
25 is designed to accommodate future integrated operation with one

1 or more coal gasification units located on or adjacent to the
2 generating facility site, but with no gasification units
3 constructed as part of the initial construction of such
4 facility. An SNG-ready generating facility shall be designed to
5 accommodate such future integrated operation if its steam
6 turbine, steam piping, air cooled condenser, condensate and
7 feedwater systems, and certain heat recovery steam generator
8 sections (high pressure superheater, low pressure superheater
9 and reheater) are designed to accommodate the steam and water
10 flows expected from the coal gasification units and if the
11 overall plant layout includes reservation of an adjacent plot
12 space (over which such generating facility holds and shall
13 maintain site control) for efficient installation of the future
14 coal gasification units and related equipment, including fuel
15 handling equipment."; and

16 on page 28, lines 8 and 13, by replacing "2012" each time it
17 appears with "2014"; and

18 on page 29, line 13, by replacing "2012" with "2014"; and

19 on page 32, immediately below line 15, by inserting the
20 following:

21 "(7) If and for so long as the initial clean coal
22 facility is an SNG-ready generating facility, the expert or
23 consultant that shall develop the feedstock procurement

1 plan and the feedstock procurement administrator, each as
2 selected pursuant to this subsection (a-5), shall not be
3 required to have experience in coal procurement."; and

4 by replacing line 17 on page 46 through line 2 on page 53 with
5 the following:

6 "Notwithstanding the requirements of this subsection
7 (d), the total amount paid under sourcing agreements with
8 clean coal facilities pursuant to the procurement plan for
9 any given year shall be reduced by an amount necessary to
10 limit the annual estimated average net increase due to the
11 costs of these resources included in the amounts paid by
12 eligible retail customers in connection with electric
13 service to:

14 (A) in 2010, no more than 0.5% of the amount
15 paid per kilowatthour by those customers during
16 the year ending May 31, 2009;

17 (B) in 2011, the greater of an additional 0.5%
18 of the amount paid per kilowatthour by those
19 customers during the year ending May 31, 2010 or 1%
20 of the amount paid per kilowatthour by those
21 customers during the year ending May 31, 2009;

22 (C) in 2012, the greater of an additional 0.5%
23 of the amount paid per kilowatthour by those
24 customers during the year ending May 31, 2011 or
25 1.5% of the amount paid per kilowatthour by those

1 customers during the year ending May 31, 2009;

2 (D) in 2013, the greater of an additional 0.5%
3 of the amount paid per kilowatthour by those
4 customers during the year ending May 31, 2012 or 2%
5 of the amount paid per kilowatthour by those
6 customers during the year ending May 31, 2009; and

7 (E) thereafter, the total amount paid under
8 sourcing agreements with clean coal facilities
9 pursuant to the procurement plan for any single
10 year shall be reduced by an amount necessary to
11 limit the estimated average net increase due to the
12 cost of these resources included in the amounts
13 paid by eligible retail customers in connection
14 with electric service to no more than the greater
15 of (i) 2.015% of the amount paid per kilowatthour
16 by those customers during the year ending May 31,
17 2009 or (ii) the incremental amount per
18 kilowatthour paid for these resources in 2013.
19 These requirements may be altered only as provided
20 by statute.

21 No later than June 30, 2015, the Commission
22 shall review the limitation on the total amount
23 paid under sourcing agreements, if any, with clean
24 coal facilities pursuant to this subsection (d)
25 and report to the General Assembly its findings as
26 to whether that limitation unduly constrains the

1 amount of electricity generated by cost-effective
2 clean coal facilities that is covered by sourcing
3 agreements.

4 Notwithstanding the requirements of this subsection
5 (d), the total amount purchased under sourcing agreements
6 with the initial clean coal facility pursuant to the
7 procurement plan for any given year shall be reduced by an
8 amount necessary to limit the annual estimated average net
9 increase due to the costs of these resources included in
10 the amounts paid by eligible retail customers in connection
11 with electric service to:

12 (A) in 2010, no more than 0.5% of the amount paid
13 per kilowatthour by those customers during the year
14 ending May 31, 2009;

15 (B) in 2011, the greater of an additional 0.5% of
16 the amount paid per kilowatthour by those customers
17 during the year ending May 31, 2010 or 1% of the amount
18 paid per kilowatthour by those customers during the
19 year ending May 31, 2009;

20 (C) in 2012, the greater of an additional 0.5% of
21 the amount paid per kilowatthour by those customers
22 during the year ending May 31, 2011 or 1.5% of the
23 amount paid per kilowatthour by those customers during
24 the year ending May 31, 2009;

25 (D) in 2013, the greater of an additional 0.5% of
26 the amount paid per kilowatthour by those customers

1 during the year ending May 31, 2012 or 2% of the amount
2 paid per kilowatthour by those customers during the
3 year ending May 31, 2009; and

4 (E) thereafter:

5 (i) A calculation shall be made for each year
6 to determine whether the estimated average net per
7 killowatthour increase due to the cost of electric
8 power purchased under sourcing agreements and
9 included in the amounts paid by small electric
10 customers in connection with electric service
11 exceeds the greater of (1) 2.015% of the amount
12 paid per kilowatthour by eligible retail customers
13 during the year ending May 31, 2009 or (2) the
14 incremental amount per kilowatthour paid for these
15 resources in 2013. If and for so long as the
16 initial clean coal facility is an SNG-ready
17 generating facility, the percentage in the
18 immediately preceding sentence shall be 0.75% and
19 not 2.015%. These requirements may be altered only
20 as provided by statute. For purposes of such
21 calculation, such average net per kilowatthour
22 increase in rates of small electric customers that
23 are not eligible retail customers shall be deemed
24 to be equal to such average net per kilowatthour
25 increase in rates of eligible retail customers.

26 (ii) If, for any year, the small customer rate

1 impact would exceed the limitation described in
2 item (i) of this subparagraph (E), the clean coal
3 fraction for each clean coal electricity buyer
4 shall be adjusted for such year in a manner that
5 shall result in (1) the quantity of electric power
6 projected to be purchased by each clean coal
7 electricity buyer being reduced by an amount
8 sufficient to result in such deemed rate impact on
9 all small electric customers (whether served by
10 electric utilities or alternative retail electric
11 suppliers) being equal to such limitation for such
12 year and (2) any such reductions in amounts
13 allocated to the clean coal electricity buyers in
14 order to achieve the objective described in clause
15 (1) of this item (ii) being allocated to, and
16 purchased and paid for by, the clean coal
17 electricity buyers in proportion to their retail
18 sales to large electric customers.

19 (iii) Each year, after taking account of the
20 adjustment, if any, provided for in item (ii) of
21 this subparagraph (E), a calculation shall be made
22 to determine whether the large customer deemed
23 rate impact for such year exceeds \$0.005 per
24 kilowatthour. If and for so long as the initial
25 clean coal facility is an SNG-ready generating
26 facility, the amount in the immediately preceding

1 sentence shall be \$0.00085, and not \$0.005. The
2 "large customer deemed rate impact" for any year is
3 the projected increase in electric rates of large
4 electric customers (whether served by electric
5 utilities or alternative retail electric
6 suppliers) due to the cost of electric power
7 purchased under sourcing agreements to the extent
8 it is based on each clean coal electricity buyer's
9 retail sales to large electric customers, which
10 shall be calculated in substantially the same
11 manner as the calculation of rate impact on small
12 electric customers, and shall assume that such
13 cost of purchases under sourcing agreements is
14 passed through proportionally by the clean coal
15 electricity buyers to their large electric
16 customers. The calculation of the large customer
17 deemed rate impact shall (1) assume that the total
18 retail sales (expressed in kilowatthours sold) to
19 large electric customers by all clean coal
20 electricity buyers for any year is the greater of
21 the actual amount of such sales in such year and
22 the amount of such sales in 2009 and (2) exclude
23 from the calculation any actual costs for such year
24 incurred by the initial clean coal facility to the
25 extent such costs exceed the corresponding amount
26 assumed in the "reference case" of the facility

1 cost report for the initial clean coal facility for
2 such year and are not principally within the
3 reasonable control of the initial clean coal
4 facility.

5 Any operating costs or revenues deviating from
6 the corresponding costs assumed in the "reference
7 case" of the facility cost report for the initial
8 clean coal facility as a result of changes in
9 market prices, including, but not limited to,
10 prices of coal, natural gas, electricity,
11 by-products, and emissions allowances, shall be
12 deemed to be outside of the reasonable control of
13 the initial clean coal facility and excluded from
14 the calculation.

15 Any costs exceeding the corresponding costs
16 assumed in the "reference case" of the facility
17 cost report for the initial clean coal facility as
18 a result of changes in capital costs, fixed
19 operating costs, variable operating costs,
20 operating efficiency, and availability, except in
21 each case to the extent resulting from a change in
22 market prices, as described in the immediately
23 preceding paragraph, or from a change in law, as
24 defined in subsection (b) of Section 1-76 of this
25 Act, shall be deemed to be within the reasonable
26 control of the initial clean coal facility and

1 included in the calculation.

2 If and for so long as the initial clean coal
3 facility is an SNG-ready generating facility,
4 clause (2) of the fourth sentence and all of the
5 second and third paragraphs of this item (iii)
6 shall not apply.

7 (iv) If, for any year, the large customer
8 deemed rate impact would exceed the limitation
9 described in item (iii) of this subparagraph (E),
10 the quantity of electric power required to be
11 purchased by each clean coal electricity buyer
12 that serves large electric customers under its
13 sourcing agreement for such year shall be reduced
14 by such amount as will result in the large customer
15 deemed rate impact being equal to such limitation
16 for such year, and the clean coal fractions of each
17 clean coal electricity buyer that serves large
18 electric customers shall be adjusted for such year
19 to reflect this reduction; provided, however, that
20 the reduction under this item (iv) shall not exceed
21 in any year an amount that would result in revenues
22 under the sourcing agreements being reduced by
23 more than \$50,000,000 in the aggregate for such
24 year, but this provision shall not apply if and for
25 so long as the initial clean coal facility is an
26 SNG-ready generating facility. Any quantities of

1 electric power not required to be purchased
2 pursuant to the operation of the immediately
3 preceding sentence may be disposed of by the
4 initial clean coal facility for its own account,
5 and the proceeds of any sales of such electric
6 power shall not be included in the formula rate.

7 (v) The details of the calculations
8 contemplated by this subparagraph (E) shall be set
9 forth in the sourcing agreements.

10 (vi) No later than June 30, 2016, the
11 Commission shall review the limitation on the
12 total amount paid under sourcing agreements, if
13 any, with the initial clean coal facility pursuant
14 to this subsection (d) and report to the General
15 Assembly its findings as to the effect of the
16 limitation on the initial clean coal facility,
17 electric utilities, alternative retail electric
18 suppliers, and customers of the electric utilities
19 and the alternative retail electric suppliers.";

20 and

21 on page 54, line 4, immediately after "facility" by inserting
22 "as established by engineering and design studies"; and

23 on page 54, by replacing line 10 with "intermittent resources,
24 the reliability and cost of"; and

1 on page 54, line 12, immediately after "utilities" by inserting
2 ", the amount of engineering and design work that has been done
3 for the facility, including, in the case of an SNG-ready
4 generating facility, the engineering and design work relating
5 to features that would accommodate future integrated operation
6 with one or more coal gasification units, the facility's water
7 use and overall environmental attributes, and the schedule for
8 commencement of construction and operation of the facility";
9 and

10 on page 54, by replacing line 15 with the following:

11 "97th General Assembly. The facility designated as the
12 initial clean coal facility under this Section shall
13 operate as an SNG-ready generating facility unless and
14 until it becomes an electric generating facility using
15 gasification technology by adding one or more coal
16 gasification units. The initial clean coal facility may add
17 one or more coal gasification units only after:

18 (A) the General Assembly, by enactment of a law,
19 authorizes the addition; provided that, within 2 years
20 preceding the effective date of such enactment, the
21 initial clean coal facility shall have submitted a
22 facility cost report for the coal gasification unit or
23 units otherwise meeting the requirements of paragraph
24 (4) of subsection (d) of this Section;

1 (B) a determination is made by the Commission
2 either that a carbon dioxide pipeline capable of
3 transporting the carbon dioxide captured from such
4 gasification unit or units may be constructed, which
5 shall be deemed to have been made if the Commission
6 issued a certificate of authority of the construction
7 of such a carbon dioxide pipeline, or that the initial
8 clean coal facility has obtained a Class VI injection
9 permit from the United States Environmental Protection
10 Agency or the Illinois Environmental Protection Agency
11 and has completed the other material elements
12 necessary for it to sequester carbon dioxide captured
13 from such gasification unit or units;

14 (C) a determination of capital costs associated
15 with the addition is made by the Capital Development
16 Board and the Commission according to the process in
17 subsection (b) of Section 1-76 of this Act; and

18 (D) a determination of sequestration capital costs
19 and sequestration operation and maintenance costs
20 associated with the addition is made by the Capital
21 Development Board according to the process in
22 subsection (e) of Section 1-76 of this Act.

23 The initial clean coal facility may accomplish the
24 addition of the coal gasification unit or units either (i)
25 by having the coal gasification unit or units owned by the
26 same entity that owns the SNG-ready generating facility and

1 the costs associated with the coal gasification unit or
2 units included in the formula rate under sourcing
3 agreements between the clean coal electricity buyers and
4 the initial clean coal facility or (ii) by having the coal
5 gasification unit or units be owned by a different entity
6 that would sell the SNG produced by such gasification unit
7 or units to the SNG-ready generating facility under a
8 separate formula rate with the SNG-ready generating
9 facility incorporating the costs of the SNG into the
10 formula rate under its sourcing agreement with the clean
11 coal electricity buyers. ~~a proposed clean coal facility~~
12 ~~in~~"; and

13 on page 68, line 12, by deleting "and"; and

14 on page 69, by replacing line 18 with "approved by the Agency;
15 and"; and

16 on page 69, immediately below line 18, by inserting:

17 "(xvii) if the initial clean coal facility is an
18 SNG-ready generating facility, set out a mechanism for
19 adjusting the quantity of electric power purchased by
20 each clean coal electricity buyer so that the small
21 customer rate impact would not exceed 0.375% of the
22 amount paid per kilowatthour by eligible retail
23 customers during the year ending May 31, 2009 and the

1 large customer deemed rate impact would not exceed
2 \$0.000425 per kilowatthour, in each case due to the
3 SNG-ready capital rate component; such mechanism shall
4 include a carryforward to subsequent years for any
5 reduced revenues suffered by the initial clean coal
6 facility as a result of such adjustments, but subject
7 to the application of these limitations in subsequent
8 years; such mechanism shall be effective for so long as
9 the initial clean coal facility is an SNG-ready
10 generating facility and shall be compatible with the
11 provisions of subparagraph (E) of paragraph (2) of this
12 subsection." and

13 on page 81, immediately below line 4, by inserting the
14 following:

15 "(1) If the initial clean coal facility is an SNG-ready
16 generating facility, then the initial clean coal facility
17 shall continue with its efforts to obtain permits for
18 carbon capture and sequestration facilities that could be
19 used in connection with the portion of the facility that
20 produces SNG if such portion of the facility were to be
21 constructed."; and

22 on page 83, line 26, after "facility.", by inserting "If the
23 initial clean coal facility is an SNG-ready generating
24 facility, the capital costs of the SNG-ready generating

1 facility shall include reasonable development costs relating
2 to the initial clean coal facility without regard to whether
3 such costs relate to the power block or the proposed portion of
4 the facility that produces SNG and without regard to whether
5 the proposed portion of the facility that produces SNG is to be
6 constructed. If the initial clean coal facility is an SNG-ready
7 generating facility, the Capital Development Board shall
8 include in its calculation of capital costs an identification
9 of which capital costs constitute SNG-ready capital costs and
10 shall not include in the range of capital costs any SNG-ready
11 capital costs that exceed 10% of the total of all capital
12 costs."; and

13 on page 86, line 18, after "facility.", by inserting "If the
14 initial clean coal facility is an SNG-ready generating
15 facility, any capital costs of the SNG-ready generating
16 facility that exceed the pre-approved capital costs and any
17 SNG-ready capital costs that exceed 10% of the pre-approved
18 capital costs shall not be included in the formula rate and
19 shall be borne by the initial clean coal facility and its
20 contractors, provided that, to the extent any of such
21 incremental costs are the result of change in law or
22 non-insurable force majeure, all of such costs shall be
23 included in the formula rate and recoverable by the initial
24 clean coal facility."; and

1 on page 86, by replacing line 24 with "authority occurring
2 after the Commission determines the amount of pre-approved
3 capital costs."; and

4 on page 89, line 9, immediately after "facility", by inserting
5 "and, if the initial clean coal facility is an SNG-ready
6 generating facility, for the initial construction of any coal
7 gasification unit or units that may be added following
8 authorization thereof pursuant to subparagraph (A) of
9 paragraph (3) of subsection (d) of Section 1-75 of this Act,";

10 and

11 on page 90, line 22, immediately after "electricity" by
12 inserting ", provided that, if and for so long as the initial
13 clean coal facility is an SNG-ready generating facility, the
14 minimum feedstock procurement requirements in this sentence
15 shall be inapplicable and the reference in this sentence to the
16 term of a sourcing agreement shall be deemed to refer only to
17 the portion, if any, of such term occurring after such
18 SNG-ready generating facility adds one or more coal
19 gasification units following authorization thereof pursuant to
20 subparagraph (A) of paragraph (3) of subsection (d) of Section
21 1-75 of this Act"; and

22 on page 91, line 20, after "rate.", by inserting "If and for so
23 long as the initial clean coal facility is an SNG-ready

1 generating facility, the provisions of this subsection (e)
2 shall be inapplicable."; and

3 on page 96, by replacing line 26 with "authority occurring
4 after the Capital Development Board makes its final
5 determination of sequestration capital costs and sequestration
6 operation and maintenance costs."; and

7 on page 98, by replacing line 9 with "shall be no lower than
8 the weighted"; and

9 on page 98, line 12, by replacing "January 1, 2011" with "the
10 effective date of this amendatory Act of the 97th General
11 Assembly"; and

12 on page 103, immediately below line 20, by inserting the
13 following:

14 "(e) If and for so long as the initial clean coal facility
15 is an SNG-ready generating facility, all requirements of this
16 Section relating to carbon capture and sequestration shall be
17 deemed to be satisfied if the carbon dioxide emissions from the
18 SNG-ready generating facility are less than 1,000 pounds per
19 megawatt-hour of electricity generated by the SNG-ready
20 generating facility on an average annual basis; the initial
21 clean coal facility shall submit to the Commission on an annual
22 basis information demonstrating compliance with such emissions

1 limit."; and

2 on page 103, by replacing lines 22 through 25 with the
3 following:

4 "Sec. 1-77.5. Sequestration permitting.

5 (a) No initial clean coal facility"; and

6 on page 104, by replacing lines 11 through 13 with the
7 following:

8 "(b) No later than 6 months prior to the date upon which
9 the owner of the initial clean coal facility intends to
10 commence construction of any coal gasification unit or units,
11 the owner of such facility shall file with the Commission a
12 carbon"; and

13 by deleting line 17 on page 105 through line 11 on page 107;
14 and

15 on page 112, lines 1 and 14, by replacing "2012" each time it
16 appears with "2014"; and

17 on page 121, immediately below line 1, by inserting the
18 following:

19 "(n) If and for so long as the initial clean coal facility
20 is an SNG-ready generating facility, the provisions of this
21 Section relating to the procurement of coal or other feedstock

1 that would be used by coal gasification units or relating to
2 any minimum feedstock procurement or minimum feedstock usage
3 shall not be applicable."; and

4 on page 187, by replacing lines 8 through 15 with the
5 following:

6 " (iii) the required sourcing of electricity
7 generated by clean coal facilities, other than the
8 initial clean coal facility, shall be limited to the
9 amount of electricity that can be procured or sourced
10 at a price at or below the benchmarks approved by the
11 Commission each year in accordance with item (1) of
12 subsection (c) and items (1) and (5) of subsection (d)
13 of Section 1-75 of the Illinois Power Agency Act;"; and

14 on page 209, immediately below line 14, by inserting the
15 following:

16 "Section 999. Effective date. This Act takes effect upon
17 becoming law."