

1 AN ACT concerning regulation.

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

4 Section 5. The Public Utilities Act is amended by changing  
5 Sections 16-111.7 and 19-140 as follows:

6 (220 ILCS 5/16-111.7)

7 Sec. 16-111.7. On-bill financing program; electric  
8 utilities.

9 (a) The Illinois General Assembly finds that Illinois homes  
10 and businesses have the potential to save energy through  
11 conservation and cost-effective energy efficiency measures.  
12 Programs created pursuant to this Section will allow utility  
13 customers to purchase cost-effective energy efficiency  
14 measures, including measures set forth in a  
15 Commission-approved energy efficiency and demand-response plan  
16 under Section 8-103 of this Act ~~and that are cost effective as~~  
17 ~~that term is defined by that Section,~~ with no required initial  
18 upfront payment, and to pay the cost of those products and  
19 services over time on their utility bill.

20 (b) Notwithstanding any other provision of this Act, an  
21 electric utility serving more than 100,000 customers on January  
22 1, 2009 shall offer a Commission-approved on-bill financing  
23 program ("program") that allows its eligible retail customers,

1 as that term is defined in Section 16-111.5 of this Act, who  
2 own a residential single family home, duplex, or other  
3 residential building with 4 or less units, or condominium at  
4 which the electric service is being provided (i) to borrow  
5 funds from a third party lender in order to purchase electric  
6 energy efficiency measures approved under the program for  
7 installation in such home or condominium without any required  
8 upfront payment and (ii) to pay back such funds over time  
9 through the electric utility's bill. Based upon the process  
10 described in subsection (b-5) of this Section, small commercial  
11 ~~retail customers, as that term is defined in Section 16-102 of~~  
12 ~~this Act,~~ who own the premises at which electric service is  
13 being provided may be included in such program. After receiving  
14 a request from an electric utility for approval of a proposed  
15 program and tariffs pursuant to this Section, the Commission  
16 shall render its decision within 120 days. If no decision is  
17 rendered within 120 days, then the request shall be deemed to  
18 be approved.

19 Beginning no later than December 31, 2013, an electric  
20 utility subject to this subsection (b) shall also offer its  
21 program to eligible retail customers that own multifamily  
22 residential or mixed-use buildings with no more than 50  
23 residential units, provided, however, that such customers must  
24 either be a residential customer or small commercial customer  
25 and may not use the program in such a way that repayment of the  
26 cost of energy efficiency measures is made through tenants'

1 utility bills. An electric utility may impose a per site loan  
2 limit not to exceed \$100,000. The program, and loans issued  
3 thereunder, shall only be offered to customers of the utility  
4 that meet the requirements of this Section and that also have  
5 an electric service account at the premises where the energy  
6 efficiency measures being financed shall be installed.

7 For purposes of this Section, "small commercial customer"  
8 means, for an electric utility serving more than 3,000,000  
9 retail customers, those customers having peak demand of less  
10 than 100 kilowatts, and, for an electric utility serving less  
11 than 3,000,000 retail customers, those customers having peak  
12 demand of less than 150 kilowatts.

13 (b-5) Within 30 days after the effective date of this  
14 amendatory Act of the 96th General Assembly, the Commission  
15 shall convene a workshop process during which interested  
16 participants may discuss issues related to the program,  
17 including program design, eligible electric energy efficiency  
18 measures, vendor qualifications, and a methodology for  
19 ensuring ongoing compliance with such qualifications,  
20 financing, sample documents such as request for proposals,  
21 contracts and agreements, dispute resolution, pre-installment  
22 and post-installment verification, and evaluation. The  
23 workshop process shall be completed within 150 days after the  
24 effective date of this amendatory Act of the 96th General  
25 Assembly.

26 (c) Not later than 60 days following completion of the

1 workshop process described in subsection (b-5) of this Section,  
2 each electric utility subject to subsection (b) of this Section  
3 shall submit a proposed program to the Commission that contains  
4 the following components:

5 (1) A list of recommended electric energy efficiency  
6 measures that will be eligible for on-bill financing. An  
7 eligible electric energy efficiency measure ("measure")  
8 shall be a product or service for which one or more of the  
9 following is true ~~defined by the following:~~

10 (A) (blank); ~~the measure would be applied to or~~  
11 ~~replace electric energy using equipment; and either~~

12 (B) the projected ~~application of the measure to~~  
13 ~~equipment and systems will have estimated~~ electricity  
14 savings (determined by rates in effect at the time of  
15 purchase), ~~that~~ are sufficient to cover the costs of  
16 implementing the measures, including finance charges  
17 and any program fees not recovered pursuant to  
18 subsection (f) of this Section; ~~to assist the electric~~  
19 ~~utility in identifying or approving measures, the~~  
20 ~~utility may consult with the Department of Commerce and~~  
21 ~~Economic Opportunity, as well as with retailers,~~  
22 ~~technicians, and installers of electric energy~~  
23 ~~efficiency measures and energy auditors (collectively~~  
24 ~~"vendors")~~; or

25 (C) the product or service ~~measure~~ is included in a  
26 Commission-approved energy efficiency and

1 demand-response plan under Section 8-103 of this Act  
2 ~~and is cost effective as that term is defined by that~~  
3 ~~Section.~~

4 (2) The electric utility shall issue a request for  
5 proposals ("RFP") to lenders for purposes of providing  
6 financing to participants to pay for approved measures. The  
7 RFP criteria shall include, but not be limited to, the  
8 interest rate, origination fees, and credit terms. The  
9 utility shall select the winning bidders based on its  
10 evaluation of these criteria, with a preference for those  
11 bids containing the rates, fees, and terms most favorable  
12 to participants;

13 (3) The utility shall work with the lenders selected  
14 pursuant to the RFP process, and with vendors, to establish  
15 the terms and processes pursuant to which a participant can  
16 purchase eligible electric energy efficiency measures  
17 using the financing obtained from the lender. The vendor  
18 shall explain and offer the approved financing packaging to  
19 those customers identified in subsection (b) of this  
20 Section and shall assist customers in applying for  
21 financing. As part of the process, vendors shall also  
22 provide to participants information about any other  
23 incentives that may be available for the measures.

24 (4) The lender shall conduct credit checks or undertake  
25 other appropriate measures to limit credit risk, and shall  
26 review and approve or deny financing applications

1 submitted by customers identified in subsection (b) of this  
2 Section. Following the lender's approval of financing and  
3 the participant's purchase of the measure or measures, the  
4 lender shall forward payment information to the electric  
5 utility, and the utility shall add as a separate line item  
6 on the participant's utility bill a charge showing the  
7 amount due under the program each month.

8 (5) A loan issued to a participant pursuant to the  
9 program shall be the sole responsibility of the  
10 participant, and any dispute that may arise concerning the  
11 loan's terms, conditions, or charges shall be resolved  
12 between the participant and lender. Upon transfer of the  
13 property title for the premises at which the participant  
14 receives electric service from the utility or the  
15 participant's request to terminate service at such  
16 premises, the participant shall pay in full its electric  
17 utility bill, including all amounts due under the program,  
18 provided that this obligation may be modified as provided  
19 in subsection (g) of this Section. Amounts due under the  
20 program shall be deemed amounts owed for residential and,  
21 as appropriate, small commercial electric service.

22 (6) The electric utility shall remit payment in full to  
23 the lender each month on behalf of the participant. In the  
24 event a participant defaults on payment of its electric  
25 utility bill, the electric utility shall continue to remit  
26 all payments due under the program to the lender, and the

1 utility shall be entitled to recover all costs related to a  
2 participant's nonpayment through the automatic adjustment  
3 clause tariff established pursuant to Section 16-111.8 of  
4 this Act. In addition, the electric utility shall retain a  
5 security interest in the measure or measures purchased  
6 under the program, and the utility retains its right to  
7 disconnect a participant that defaults on the payment of  
8 its utility bill.

9 (7) The total outstanding amount financed under the  
10 programs in this subsection and subsection (c-5) of this  
11 Section ~~program~~ shall not exceed \$2.5 million for an  
12 electric utility or electric utilities under a single  
13 holding company, provided that the electric utility or  
14 electric utilities may petition the Commission for an  
15 increase in such amount.

16 (c-5) Within 120 days after the effective date of this  
17 amendatory Act of the 98th General Assembly, each electric  
18 utility subject to the requirements of this Section shall  
19 submit an informational filing to the Commission that describes  
20 its plan for implementing the provisions of this amendatory Act  
21 of the 98th General Assembly on or before December 31, 2013.  
22 Such filing shall also describe how the electric utility shall  
23 coordinate its program with any gas utility or utilities that  
24 provide gas service to buildings within the electric utility's  
25 service territory so that it is practical and feasible for the  
26 owner of a multifamily building to make a single application to

1 access loans for both gas and electric energy efficiency  
2 measures in any individual building.

3 (d) A program approved by the Commission shall also include  
4 the following criteria and guidelines for such program:

5 (1) guidelines for financing of measures installed  
6 under a program, including, but not limited to, RFP  
7 criteria and limits on both individual loan amounts and the  
8 duration of the loans;

9 (2) criteria and standards for identifying and  
10 approving measures;

11 (3) qualifications of vendors that will market or  
12 install measures, as well as a methodology for ensuring  
13 ongoing compliance with such qualifications;

14 (4) sample contracts and agreements necessary to  
15 implement the measures and program; and

16 (5) the types of data and information that utilities  
17 and vendors participating in the program shall collect for  
18 purposes of preparing the reports required under  
19 subsection (g) of this Section.

20 (e) The proposed program submitted by each electric utility  
21 shall be consistent with the provisions of this Section that  
22 define operational, financial and billing arrangements between  
23 and among program participants, vendors, lenders, and the  
24 electric utility.

25 (f) An electric utility shall recover all of the prudently  
26 incurred costs of offering a program approved by the Commission



1 pursuant to this Section, including, but not limited to, all  
2 start-up and administrative costs and the costs for program  
3 evaluation. All prudently incurred costs under this Section  
4 shall be recovered from the residential and small commercial  
5 retail customer classes eligible to participate in the program  
6 through the automatic adjustment clause tariff established  
7 pursuant to Section 8-103 of this Act.

8 (g) An independent evaluation of a program shall be  
9 conducted after 3 years of the program's operation. The  
10 electric utility shall retain an independent evaluator who  
11 shall evaluate the effects of the measures installed under the  
12 program and the overall operation of the program, including,  
13 but not limited to, customer eligibility criteria ~~and whether~~  
14 ~~the payment obligation for permanent electric energy~~  
15 ~~efficiency measures that will continue to provide benefits of~~  
16 ~~energy savings should attach to the meter location.~~ As part of  
17 the evaluation process, the evaluator shall also solicit  
18 feedback from participants and interested stakeholders. The  
19 evaluator shall issue a report to the Commission on its  
20 findings no later than 4 years after the date on which the  
21 program commenced, and the Commission shall issue a report to  
22 the Governor and General Assembly including a summary of the  
23 information described in this Section as well as its  
24 recommendations as to whether the program should be  
25 discontinued, continued with modification or modifications or  
26 continued without modification, provided that any recommended

1 modifications shall only apply prospectively and to measures  
2 not yet installed or financed.

3 (h) An electric utility offering a Commission-approved  
4 program pursuant to this Section shall not be required to  
5 comply with any other statute, order, rule, or regulation of  
6 this State that may relate to the offering of such program,  
7 provided that nothing in this Section is intended to limit the  
8 electric utility's obligation to comply with this Act and the  
9 Commission's orders, rules, and regulations, including Part  
10 280 of Title 83 of the Illinois Administrative Code.

11 (i) The source of a utility customer's electric supply  
12 shall not disqualify a customer from participation in the  
13 utility's on-bill financing program. Customers of alternative  
14 retail electric suppliers may participate in the program under  
15 the same terms and conditions applicable to the utility's  
16 supply customers.

17 (Source: P.A. 96-33, eff. 7-10-09; 97-616, eff. 10-26-11.)

18 (220 ILCS 5/19-140)

19 Sec. 19-140. On-bill financing program; gas utilities.

20 (a) The Illinois General Assembly finds that Illinois homes  
21 and businesses have the potential to save energy through  
22 conservation and cost-effective energy efficiency measures.  
23 Programs created pursuant to this Section will allow utility  
24 customers to purchase cost-effective energy efficiency  
25 measures, including measures set forth in a

1 Commission-approved energy efficiency and demand-response plan  
2 under Section 8-104 of this Act, with no required initial  
3 upfront payment, and to pay the cost of those products and  
4 services over time on their utility bill.

5 (b) Notwithstanding any other provision of this Act, a gas  
6 utility serving more than 100,000 customers on January 1, 2009  
7 shall offer a Commission-approved on-bill financing program  
8 ("program") that allows its retail customers who own a  
9 residential single family home, duplex, or other residential  
10 building with 4 or less units, or condominium at which the gas  
11 service is being provided (i) to borrow funds from a third  
12 party lender in order to purchase gas energy efficiency  
13 measures approved under the program for installation in such  
14 home or condominium without any required upfront payment and  
15 (ii) to pay back such funds over time through the gas utility's  
16 bill. Based upon the process described in subsection (b-5) of  
17 this Section, small commercial ~~retail~~ customers, ~~as that term~~  
18 ~~is defined in Section 19-105 of this Act,~~ who own the premises  
19 at which gas service is being provided may be included in such  
20 program. After receiving a request from a gas utility for  
21 approval of a proposed program and tariffs pursuant to this  
22 Section, the Commission shall render its decision within 120  
23 days. If no decision is rendered within 120 days, then the  
24 request shall be deemed to be approved. Beginning no later than  
25 December 31, 2013, a gas utility subject to this subsection (b)  
26 shall also offer its program to eligible retail customers that

1 own a multifamily residential or mixed-use building with no  
2 more than 50 residential units, provided, however, that such  
3 customer must either be a residential customer or small  
4 commercial customer and may not use the program in such a way  
5 that repayment of the cost of energy efficiency measures is  
6 made through tenants' utility bills. A gas utility may impose a  
7 per site loan limit not to exceed \$100,000. The program, and  
8 loans issued thereunder, shall only be offered to customers of  
9 the utility that meet the requirements of this Section and that  
10 also have a gas service account at the premises where the  
11 energy efficiency measures being financed shall be installed.

12 For purposes of this Section, a small commercial customer  
13 for a gas utility shall be defined in that gas utility's  
14 informational filing that is made under subsection (c-5) of  
15 this Section.

16 (b-5) Within 30 days after the effective date of this  
17 amendatory Act of the 96th General Assembly, the Commission  
18 shall convene a workshop process during which interested  
19 participants may discuss issues related to the program,  
20 including program design, eligible gas energy efficiency  
21 measures, vendor qualifications, and a methodology for  
22 ensuring ongoing compliance with such qualifications,  
23 financing, sample documents such as request for proposals,  
24 contracts and agreements, dispute resolution, pre-installment  
25 and post-installment verification, and evaluation. The  
26 workshop process shall be completed within 150 days after the

1 effective date of this amendatory Act of the 96th General  
2 Assembly.

3 (c) Not later than 60 days following completion of the  
4 workshop process described in subsection (b-5) of this Section,  
5 each gas utility subject to subsection (b) of this Section  
6 shall submit a proposed program to the Commission that contains  
7 the following components:

8 (1) A list of recommended gas energy efficiency  
9 measures that will be eligible for on-bill financing. An  
10 eligible gas energy efficiency measure ("measure") shall  
11 be a product or service for which one or more of the  
12 following is true ~~defined by the following:~~

13 (A) (blank); ~~The measure would be applied to or~~  
14 ~~replace gas energy using equipment; and~~

15 (B) the projected ~~Application of the measure to~~  
16 ~~equipment and systems will have estimated gas savings~~  
17 ~~(determined by rates in effect at the time of~~  
18 ~~purchase), that are sufficient to cover the costs of~~  
19 ~~implementing the measures, including finance charges~~  
20 ~~and any program fees not recovered pursuant to~~  
21 ~~subsection (f) of this Section; or . To assist the gas~~  
22 ~~utility in identifying or approving measures, the~~  
23 ~~utility may consult with the Department of Commerce and~~  
24 ~~Economic Opportunity, as well as with retailers,~~  
25 ~~technicians and installers of gas energy efficiency~~  
26 ~~measures and energy auditors (collectively "vendors").~~

1                   (C) the product or service is included in a  
2                   Commission-approved energy efficiency and  
3                   demand-response plan under Section 8-104 of this Act.

4           (2) The gas utility shall issue a request for proposals  
5           ("RFP") to lenders for purposes of providing financing to  
6           participants to pay for approved measures. The RFP criteria  
7           shall include, but not be limited to, the interest rate,  
8           origination fees, and credit terms. The utility shall  
9           select the winning bidders based on its evaluation of these  
10          criteria, with a preference for those bids containing the  
11          rates, fees, and terms most favorable to participants.

12          (3) The utility shall work with the lenders selected  
13          pursuant to the RFP process, and with vendors, to establish  
14          the terms and processes pursuant to which a participant can  
15          purchase eligible gas energy efficiency measures using the  
16          financing obtained from the lender. The vendor shall  
17          explain and offer the approved financing packaging to those  
18          customers identified in subsection (b) of this Section and  
19          shall assist customers in applying for financing. As part  
20          of such process, vendors shall also provide to participants  
21          information about any other incentives that may be  
22          available for the measures.

23          (4) The lender shall conduct credit checks or undertake  
24          other appropriate measures to limit credit risk, and shall  
25          review and approve or deny financing applications  
26          submitted by customers identified in subsection (b) of this

1 Section. Following the lender's approval of financing and  
2 the participant's purchase of the measure or measures, the  
3 lender shall forward payment information to the gas  
4 utility, and the utility shall add as a separate line item  
5 on the participant's utility bill a charge showing the  
6 amount due under the program each month.

7 (5) A loan issued to a participant pursuant to the  
8 program shall be the sole responsibility of the  
9 participant, and any dispute that may arise concerning the  
10 loan's terms, conditions, or charges shall be resolved  
11 between the participant and lender. Upon transfer of the  
12 property title for the premises at which the participant  
13 receives gas service from the utility or the participant's  
14 request to terminate service at such premises, the  
15 participant shall pay in full its gas utility bill,  
16 including all amounts due under the program, provided that  
17 this obligation may be modified as provided in subsection  
18 (g) of this Section. Amounts due under the program shall be  
19 deemed amounts owed for residential and, as appropriate,  
20 small commercial gas service.

21 (6) The gas utility shall remit payment in full to the  
22 lender each month on behalf of the participant. In the  
23 event a participant defaults on payment of its gas utility  
24 bill, the gas utility shall continue to remit all payments  
25 due under the program to the lender, and the utility shall  
26 be entitled to recover all costs related to a participant's

1 nonpayment through the automatic adjustment clause tariff  
2 established pursuant to Section 19-145 of this Act. In  
3 addition, the gas utility shall retain a security interest  
4 in the measure or measures purchased under the program to  
5 the extent those measures are not integral to the shell of  
6 the building, and the utility retains its right to  
7 disconnect a participant that defaults on the payment of  
8 its utility bill.

9 (7) The total outstanding amount financed under the  
10 programs in this subsection and subsection (c-5) of this  
11 Section ~~program~~ shall not exceed \$2.5 million for a gas  
12 utility or gas utilities under a single holding company,  
13 provided that the gas utility or gas utilities may petition  
14 the Commission for an increase in such amount.

15 (c-5) Within 120 days after the effective date of this  
16 amendatory Act of the 98th General Assembly, each covered gas  
17 utility shall submit an informational filing to the Commission  
18 that describes its plan for implementing the provisions of this  
19 amendatory Act of the 98th General Assembly on or before  
20 December 31, 2013. A gas utility subject to this Section shall  
21 cooperate with any electric utility that provides electric  
22 service to buildings within the gas utility's service territory  
23 so that it is practical and feasible for the owner of a  
24 multifamily building to make a single application to access  
25 loans for both gas and electric energy efficiency measures in  
26 any individual building.



1 (d) A program approved by the Commission shall also include  
2 the following criteria and guidelines for such program:

3 (1) guidelines for financing of measures installed  
4 under a program, including, but not limited to, RFP  
5 criteria and limits on both individual loan amounts and the  
6 duration of the loans;

7 (2) criteria and standards for identifying and  
8 approving measures;

9 (3) qualifications of vendors that will market or  
10 install measures, as well as a methodology for ensuring  
11 ongoing compliance with such qualifications;

12 (4) sample contracts and agreements necessary to  
13 implement the measures and program; and

14 (5) the types of data and information that utilities  
15 and vendors participating in the program shall collect for  
16 purposes of preparing the reports required under  
17 subsection (g) of this Section.

18 (e) The proposed program submitted by each gas utility  
19 shall be consistent with the provisions of this Section that  
20 define operational, financial, and billing arrangements  
21 between and among program participants, vendors, lenders, and  
22 the gas utility.

23 (f) A gas utility shall recover all of the prudently  
24 incurred costs of offering a program approved by the Commission  
25 pursuant to this Section, including, but not limited to, all  
26 start-up and administrative costs and the costs for program

1 evaluation. All prudently incurred costs under this Section  
2 shall be recovered from the residential and small commercial  
3 retail customer classes eligible to participate in the program  
4 through the automatic adjustment clause tariff established  
5 pursuant to Section 8-104 of this Act.

6 (g) An independent evaluation of a program shall be  
7 conducted after 3 years of the program's operation. The gas  
8 utility shall retain an independent evaluator who shall  
9 evaluate the effects of the measures installed under the  
10 program and the overall operation of the program, including,  
11 but not limited to, customer eligibility criteria ~~and whether~~  
12 ~~the payment obligation for permanent gas energy efficiency~~  
13 ~~measures that will continue to provide benefits of energy~~  
14 ~~savings should attach to the meter location.~~ As part of the  
15 evaluation process, the evaluator shall also solicit feedback  
16 from participants and interested stakeholders. The evaluator  
17 shall issue a report to the Commission on its findings no later  
18 than 4 years after the date on which the program commenced, and  
19 the Commission shall issue a report to the Governor and General  
20 Assembly including a summary of the information described in  
21 this Section as well as its recommendations as to whether the  
22 program should be discontinued, continued with modification or  
23 modifications or continued without modification, provided that  
24 any recommended modifications shall only apply prospectively  
25 and to measures not yet installed or financed.

26 (h) A gas utility offering a Commission-approved program

1 pursuant to this Section shall not be required to comply with  
2 any other statute, order, rule, or regulation of this State  
3 that may relate to the offering of such program, provided that  
4 nothing in this Section is intended to limit the gas utility's  
5 obligation to comply with this Act and the Commission's orders,  
6 rules, and regulations, including Part 280 of Title 83 of the  
7 Illinois Administrative Code.

8 (i) The source of a utility customer's gas supply shall not  
9 disqualify a customer from participation in the utility's  
10 on-bill financing program. Customers of alternative gas  
11 suppliers may participate in the program under the same terms  
12 and conditions applicable to the utility's supply customers.

13 (Source: P.A. 96-33, eff. 7-10-09.)

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