

Sen. Jacqueline Y. Collins

Filed: 3/15/2013

	09800SB2350sam001 LRB098 10156 CEL 42472 a
1	AMENDMENT TO SENATE BILL 2350
2	AMENDMENT NO Amend Senate Bill 2350 by replacing
3	everything after the enacting clause with the following:
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

1 that term is defined by that Section, with no required initial 2 upfront payment, and to pay the cost of those products and 3 services over time on their utility bill.

4 (b) Notwithstanding any other provision of this Act, an 5 electric utility serving more than 100,000 customers on January 1, 2009 shall offer a Commission-approved on-bill financing 6 program ("program") that allows its eligible retail customers, 7 as that term is defined in Section 16-111.5 of this Act, who 8 9 own a residential single family home, duplex, or other 10 residential building with 4 or less units, or condominium at 11 which the electric service is being provided (i) to borrow funds from a third party lender in order to purchase electric 12 energy efficiency measures approved under the program for 13 installation in such home or condominium without any required 14 15 upfront payment and (ii) to pay back such funds over time 16 through the electric utility's bill. Based upon the process described in subsection (b-5) of this Section, small commercial 17 retail customers, as that term is defined in Section 16-102 of 18 this Act, who own the premises at which electric service is 19 20 being provided may be included in such program. After receiving 21 a request from an electric utility for approval of a proposed 22 program and tariffs pursuant to this Section, the Commission 23 shall render its decision within 120 days. If no decision is 24 rendered within 120 days, then the request shall be deemed to 25 be approved.

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Notwithstanding the provisions of the preceding paragraph,

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an electric utility serving more than 100,000 customers on or after January 1, 2013 shall offer a Commission-approved, on-bill financing program to owners of multifamily mastermetered residential or mixed-use mastermetered buildings with 5 or more residential units no later than December 31, 2013 under the processes described in subsection (c-5) of this Section.

8 If a landlord increases the rent because of on-bill 9 financing, then the tenant must be given 30 days notice prior 10 to the increase and the cause for the increase in rent.

11 (b-5) Within 30 days after the effective date of this amendatory Act of the 96th General Assembly, the Commission 12 13 shall convene a workshop process during which interested 14 participants may discuss issues related to the program, 15 including program design, eligible electric energy efficiency 16 vendor qualifications, and a methodology for measures, ensuring ongoing compliance with such qualifications, 17 financing, sample documents such as request for proposals, 18 contracts and agreements, dispute resolution, pre-installment 19 20 and post-installment verification, and evaluation. The workshop process shall be completed within 150 days after the 21 22 effective date of this amendatory Act of the 96th General 23 Assembly.

(c) Not later than 60 days following completion of the
workshop process described in subsection (b-5) of this Section,
each electric utility subject to subsection (b) of this Section

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shall submit a proposed program to the Commission that contains 1 2 the following components: 3 (1) A list of recommended electric energy efficiency measures that will be eligible for on-bill financing. An 4 5 eligible electric energy efficiency measure ("measure") shall be a product or service for which one or more of the 6 following is true defined by the following: 7 8 (A) (blank); the measure would be applied to 9 replace electric energy-using equipment; and either 10 (B) the projected application of the measure to 11 equipment and systems will have estimated electricity savings (determined by rates in effect at the time of 12 13 purchase), that are sufficient to cover the costs of implementing the measures, including finance charges 14 15 and any program fees not recovered pursuant to 16 subsection (f) of this Section; to assist the electric 17 utility in identifying or approving measures, the 18 utility may consult with the Department of Commerce and 19 Economic Opportunity, as well as with retailers, 20 technicians, and installers of electric energy 21 efficiency measures and energy auditors (collectively 22 "vendors"); or

23 (C) the <u>product or service</u> measure is included in a 24 Commission-approved energy efficiency and 25 demand-response plan under Section 8-103 of this Act 26 and is cost-effective as that term is defined by that 1 Section.

(2) The electric utility shall issue a request for 2 3 proposals ("RFP") to lenders for purposes of providing financing to participants to pay for approved measures. The 4 5 RFP criteria shall include, but not be limited to, the interest rate, origination fees, and credit terms. The 6 7 utility shall select the winning bidders based on its 8 evaluation of these criteria, with a preference for those 9 bids containing the rates, fees, and terms most favorable 10 to participants;

(3) The utility shall work with the lenders selected 11 12 pursuant to the RFP process, and with vendors, to establish 13 the terms and processes pursuant to which a participant can 14 purchase eligible electric energy efficiency measures 15 using the financing obtained from the lender. The vendor shall explain and offer the approved financing packaging to 16 those customers identified in subsection (b) of this 17 Section and shall assist customers in applying for 18 19 financing. As part of the process, vendors shall also 20 provide to participants information about any other 21 incentives that may be available for the measures.

(4) The lender shall conduct credit checks or undertake
other appropriate measures to limit credit risk, and shall
review and approve or deny financing applications
submitted by customers identified in subsection (b) of this
Section. Following the lender's approval of financing and

the participant's purchase of the measure or measures, the lender shall forward payment information to the electric utility, and the utility shall add as a separate line item on the participant's utility bill a charge showing the amount due under the program each month.

6 (4.3) The obligation created by a loan issued under the 7 program shall run with the meter. For the purposes of this 8 Section, "run with the meter" means all of the following:

9 (A) any portion of a loan issued under the program 10 that remains outstanding prior to sale or transfer of the applicable real property, survives a change in 11 12 ownership, tenancy, or meter account responsibility; 13 (B) any portion of a loan issued under the program 14 that remains outstanding, at all times constitutes an 15 obligation of the utility customer of record in respect to the premises served by the measure to repay; and 16 17 (C) arrears in repayment of a loan issued under the program that are outstanding prior to sale or transfer 18 19 of the applicable real property remains the 20 responsibility of the incurring customer, unless 21 expressly assumed by the subsequent customer or third 22 party. 23 (4.5) For each loan issued under the program, the

24 <u>utility or its agent shall record in the county recorder's</u> 25 <u>office of a county in which the property is located, a</u> 26 <u>notice, with respect to the real property on which the</u>

1	premises served by the measures are located, of the
2	existence of the loan obligation and stating the total
3	amount of the loan obligation, the term of the loan
4	obligation, and that the loan obligation is being repaid
5	through a charge on an electric service provided to the
6	property. The notice shall also state that it is being
7	filed under this Section and, unless fully satisfied prior
8	to sale or transfer of the property, the loan obligation
9	shall survive changes in ownership, tenancy, or meter
10	account responsibility and, until fully satisfied, shall
11	constitute the obligation of the person responsible for the
12	meter account. The notice shall not constitute a mortgage
13	or deed of trust and shall not create any security interest
14	or lien on the property. Upon satisfaction of the loan
15	obligation, the utility or its agent shall promptly record
16	a notice of repayment or a termination of notice. The
17	county recorder shall record the notices in the same book
18	in which the deeds are recorded.

19 (5) A loan issued to a participant pursuant to the program shall be the sole responsibility of the utility 20 21 customer of record in respect to the premises served by the measure participant, and any dispute that may arise 22 concerning the loan's terms, conditions, or charges shall 23 be resolved between the <u>utility customer of record</u> 24 25 participant and lender. Upon transfer of the property title 26 for the premises at which the participant receives electric 1 from the utility or the participant's 2 terminate service at such premises, the participant shall 3 pav in full its electric utility bill, including all due under the program, provided that this 4 amounts 5 obligation may be modified as provided in subsection (g) of this Section. Amounts due under the program shall be deemed 6 amounts owed for residential and, as appropriate, small 7 8 commercial electric service.

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9 (6) The electric utility shall remit payment in full to 10 the lender each month on behalf of the participant. In the event a participant defaults on payment of its electric 11 utility bill, the electric utility shall continue to remit 12 13 all payments due under the program to the lender, and the 14 utility shall be entitled to recover all costs related to a 15 participant's nonpayment through the automatic adjustment clause tariff established pursuant to Section 16-111.8 of 16 17 this Act. In addition, the electric utility shall retain a security interest in the measure or measures purchased 18 19 under the program to the extent those measures are not 20 integral to the shell of a building, and the utility 21 retains its right to disconnect a participant that defaults 22 on the payment of its utility bill.

(7) The total outstanding amount financed under the
 programs in this subsection and subsection (c-5) of this
 Section program shall not exceed \$2.5 million for an
 electric utility or electric utilities under a single

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holding company, provided that the electric utility or electric utilities may petition the Commission for an increase in such amount.

4 (c-5) Within 60 days after the effective date of this 5 amendatory Act of the 98th General Assembly, each covered electric utility shall submit a proposed program to the 6 Commission that fully comports with the provisions of 7 subsection (c) of this Section, with the following additional 8 9 provision: an electric utility subject to this Section shall 10 fully coordinate its program with any gas utility or utilities that provide gas service to buildings within the electric 11 utility's service territory so that is practical and feasible 12 13 for the owner of a multifamily building to make a single 14 application to access loans for both gas and electric energy 15 efficiency measures in any individual building.

16 (d) A program approved by the Commission shall also include17 the following criteria and guidelines for such program:

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

22 (2) criteria and standards for identifying and23 approving measures;

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

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

3 (5) the types of data and information that utilities 4 and vendors participating in the program shall collect for 5 purposes of preparing the reports required under 6 subsection (q) of this Section.

7 (e) The proposed program submitted by each electric utility 8 shall be consistent with the provisions of this Section that 9 define operational, financial and billing arrangements between 10 and among program participants, vendors, lenders, and the 11 electric utility.

(f) An electric utility shall recover all of the prudently 12 13 incurred costs of offering a program approved by the Commission 14 pursuant to this Section, including, but not limited to, all 15 start-up and administrative costs and the costs for program 16 evaluation. All prudently incurred costs under this Section shall be recovered from the residential and small commercial 17 18 retail customer classes eligible to participate in the program through the automatic adjustment clause tariff established 19 20 pursuant to Section 8-103 of this Act.

(g) An independent evaluation of a program shall be conducted after 3 years of the program's operation. The electric utility shall retain an independent evaluator who shall evaluate the effects of the measures installed under the program and the overall operation of the program, including<u>,</u> but not limited to<u>,</u> customer eligibility criteria and whether 09800SB2350sam001 -11- LRB098 10156 CEL 42472 a

1 obligation for permanent the payment electric energy efficiency measures that will continue to provide benefits of 2 3 energy savings should attach to the meter location. As part of 4 the evaluation process, the evaluator shall also solicit 5 feedback from participants and interested stakeholders. The 6 evaluator shall issue a report to the Commission on its findings no later than 4 years after the date on which the 7 8 program commenced, and the Commission shall issue a report to 9 the Governor and General Assembly including a summary of the 10 information described in this Section as well as its 11 recommendations to whether the program as should be discontinued, continued with modification or modifications or 12 13 continued without modification, provided that any recommended 14 modifications shall only apply prospectively and to measures 15 not yet installed or financed.

16 (h) An electric utility offering a Commission-approved program pursuant to this Section shall not be required to 17 comply with any other statute, order, rule, or regulation of 18 19 this State that may relate to the offering of such program, 20 provided that nothing in this Section is intended to limit the 21 electric utility's obligation to comply with this Act and the Commission's orders, rules, and regulations, including Part 22 280 of Title 83 of the Illinois Administrative Code. 23

(i) The source of a utility customer's electric supply
 shall not disqualify a customer from participation in the
 utility's on-bill financing program. Customers of alternative

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1 retail electric suppliers may participate in the program under 2 the same terms and conditions applicable to the utility's 3 supply customers.

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

5 (220 ILCS 5/19-140)

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

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

(b) Notwithstanding any other provision of this Act, a gas 18 19 utility serving more than 100,000 customers on January 1, 2009 shall offer a Commission-approved on-bill financing program 20 ("program") that allows its retail customers who own a 21 residential single family home, duplex, or other residential 22 23 building with 4 or less units, or condominium at which the gas 24 service is being provided (i) to borrow funds from a third 25 party lender in order to purchase gas energy efficiency 09800SB2350sam001 -13- LRB098 10156 CEL 42472 a

1 measures approved under the program for installation in such 2 home or condominium without any required upfront payment and 3 (ii) to pay back such funds over time through the gas utility's 4 bill. Based upon the process described in subsection (b-5) of 5 this Section, small commercial retail customers, as that term 6 is defined in Section 19-105 of this Act, who own the premises at which gas service is being provided may be included in such 7 program. After receiving a request from a gas utility for 8 9 approval of a proposed program and tariffs pursuant to this 10 Section, the Commission shall render its decision within 120 11 days. If no decision is rendered within 120 days, then the request shall be deemed to be approved. 12

Notwithstanding the provisions of the preceding paragraph, a gas utility serving more than 100,000 customers on or after January 1, 2013 shall offer a Commission-approved on-bill financing program to owners of multifamily residential or mixed-use buildings with 5 or more residential units no later than December 31, 2013 under the processes described in subsection (c-5) of this Section.

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

7 (c) Not later than 60 days following completion of the 8 workshop process described in subsection (b-5) of this Section, 9 each gas utility subject to subsection (b) of this Section 10 shall submit a proposed program to the Commission that contains 11 the following components:

(1) A list of recommended gas energy efficiency measures that will be eligible for on-bill financing. An eligible gas energy efficiency measure ("measure") shall be <u>a product or service for which one or more of the</u> following is true <u>defined by the following</u>:

17 (A) (blank); The measure would be applied to or
 18 replace gas energy using equipment; and

19 (B) the projected Application of the measure to 20 equipment and systems will have estimated gas savings 21 (determined by rates in effect at the time of purchase), that are sufficient to cover the costs of 22 23 implementing the measures, including finance charges 24 and any program fees not recovered pursuant to 25 subsection (f) of this Section; and . To assist the gas utility in identifying or approving measures, the 26

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utility may consult with the Department of Commerce and Economic Opportunity, as well as with retailers, technicians and installers of gas energy efficiency measures and energy auditors (collectively "vendors").

5 <u>(C) the product or service is included in a</u> 6 <u>Commission-approved energy efficiency and</u> 7 <u>demand-response plan under Section 8-104 of this Act</u> 8 <u>and is cost-effective as that term is defined by that</u> 9 <u>Section.</u>

10 (2) The gas utility shall issue a request for proposals ("RFP") to lenders for purposes of providing financing to 11 participants to pay for approved measures. The RFP criteria 12 13 shall include, but not be limited to, the interest rate, 14 origination fees, and credit terms. The utility shall 15 select the winning bidders based on its evaluation of these criteria, with a preference for those bids containing the 16 17 rates, fees, and terms most favorable to participants.

(3) The utility shall work with the lenders selected 18 19 pursuant to the RFP process, and with vendors, to establish 20 the terms and processes pursuant to which a participant can 21 purchase eligible gas energy efficiency measures using the 22 financing obtained from the lender. The vendor shall 23 explain and offer the approved financing packaging to those 24 customers identified in subsection (b) of this Section and 25 shall assist customers in applying for financing. As part 26 of such process, vendors shall also provide to participants

information about any other incentives that may be
 available for the measures.

(4) The lender shall conduct credit checks or undertake 3 other appropriate measures to limit credit risk, and shall 4 5 review and approve or deny financing applications submitted by customers identified in subsection (b) of this 6 Section. Following the lender's approval of financing and 7 8 the participant's purchase of the measure or measures, the 9 lender shall forward payment information to the gas 10 utility, and the utility shall add as a separate line item on the participant's utility bill a charge showing the 11 12 amount due under the program each month.

13(4.3) The obligation created by a loan issued under the14program shall run with the meter. For the purposes of this15Section, "run with the meter" means all of the following:

16(A) any portion of a loan issued under the program17that remains outstanding prior to sale or transfer of18the applicable real property, survives a change in19ownership, tenancy, or meter account responsibility;

20 <u>(B) any portion of a loan issued under the program</u> 21 <u>that remains outstanding, at all times constitutes an</u> 22 <u>obligation of the utility customer of record in respect</u>

23to the premises served by the measure to repay; and24(C) arrears in repayment of a loan issued under the25program that are outstanding prior to sale or transfer26of the applicable real property remains the

1	responsibility of the incurring customer, unless
2	expressly assumed by the subsequent customer or third
3	party.
4	(4.5) For each loan issued under the program, the
5	utility or its agent shall record in the county recorder's
6	office of a county in which the property is located, a
7	notice, with respect to the real property on which the
8	premises served by the measures are located, of the
9	existence of the loan obligation and stating the total
10	amount of the loan obligation, the term of the loan
11	obligation, and that the loan obligation is being repaid
12	through a charge on a gas service provided to the property.
13	The notice shall also state that it is being filed under
14	this Section and, unless fully satisfied prior to sale or
15	transfer of the property, the loan obligation shall survive
16	changes in ownership, tenancy, or meter account
17	responsibility and, until fully satisfied, shall
18	constitute the obligation of the person responsible for the
19	meter account. The notice shall not constitute a mortgage
20	or deed of trust and shall not create any security interest
21	or lien on the property. Upon satisfaction of the loan
22	obligation, the utility or its agent shall promptly record
23	a notice of repayment or a termination of notice. The
24	county recorder shall record the notices in the same book
25	in which the deeds are recorded.
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26 (5) A loan issued to a participant pursuant to the

program shall be the sole responsibility of the utility 1 customer of record in respect to the premises served by the 2 3 measure participant, and any dispute that may arise concerning the loan's terms, conditions, or charges shall 4 5 resolved between the utility customer of record be 6 participant and lender. Upon transfer of the property title 7 for the premises at which the participant receives gas 8 service from the utility or the participant's request to terminate service at such premises, the participant shall 9 10 pay in full its gas utility bill, including all amounts due 11 under the program, provided that this obligation may be 12 modified as provided in subsection (g) of this Section. 13 Amounts due under the program shall be deemed amounts owed for residential and, as appropriate, small commercial gas 14 15 service.

(6) The gas utility shall remit payment in full to the 16 lender each month on behalf of the participant. In the 17 event a participant defaults on payment of its gas utility 18 bill, the gas utility shall continue to remit all payments 19 20 due under the program to the lender, and the utility shall 21 be entitled to recover all costs related to a participant's 22 nonpayment through the automatic adjustment clause tariff 23 established pursuant to Section 19-145 of this Act. In 24 addition, the gas utility shall retain a security interest 25 in the measure or measures purchased under the program to 26 the extent those measures are not integral to the shell of 09800SB2350sam001

1 <u>the building</u>, and the utility retains its right to 2 disconnect a participant that defaults on the payment of 3 its utility bill.

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

10 (c-5) Within 60 days after the effective date of this 11 amendatory Act of the 98th General Assembly, each covered gas utility shall submit a proposed program to the Commission that 12 13 fully comports with the provisions of subsection (c) of this 14 Section, with the following additional provision: a gas utility 15 subject to this Section shall fully coordinate its program with 16 any electric utility or utilities that provide electric service to buildings within the gas utility's service territory so that 17 is practical and feasible for the owner of a multifamily 18 19 building to make a single application to access loans for both 20 gas and electric energy efficiency measures in any individual 21 building.

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

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

1	duration of the loans;									
2		(2)	criteria	and	sta	andards	for	identi	fying	and
3	approving measures;									
4		(3)	qualifications		of	vendors	that	will	market	or
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5 install measures, as well as a methodology for ensuring 6 ongoing compliance with such qualifications;

7 (4) sample contracts and agreements necessary to
8 implement the measures and program; and

9 (5) the types of data and information that utilities 10 and vendors participating in the program shall collect for 11 purposes of preparing the reports required under 12 subsection (g) of this Section.

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

(f) A gas utility shall recover all of the prudently 18 19 incurred costs of offering a program approved by the Commission 20 pursuant to this Section, including, but not limited to, all start-up and administrative costs and the costs for program 21 22 evaluation. All prudently incurred costs under this Section shall be recovered from the residential and small commercial 23 24 retail customer classes eligible to participate in the program 25 through the automatic adjustment clause tariff established 26 pursuant to Section 8-104 of this Act.

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1 (q) An independent evaluation of a program shall be conducted after 3 years of the program's operation. The gas 2 3 utility shall retain an independent evaluator who shall 4 evaluate the effects of the measures installed under the 5 program and the overall operation of the program, including, 6 but not limited to, customer eligibility criteria and whether the payment obligation for permanent gas energy efficiency 7 measures that will continue to provide benefits of energy 8 9 savings should attach to the meter location. As part of the 10 evaluation process, the evaluator shall also solicit feedback 11 from participants and interested stakeholders. The evaluator shall issue a report to the Commission on its findings no later 12 13 than 4 years after the date on which the program commenced, and 14 the Commission shall issue a report to the Governor and General 15 Assembly including a summary of the information described in 16 this Section as well as its recommendations as to whether the program should be discontinued, continued with modification or 17 18 modifications or continued without modification, provided that 19 any recommended modifications shall only apply prospectively 20 and to measures not yet installed or financed.

(h) A gas utility offering a Commission-approved program pursuant to this Section shall not be required to comply with any other statute, order, rule, or regulation of this State that may relate to the offering of such program, provided that nothing in this Section is intended to limit the gas utility's obligation to comply with this Act and the Commission's orders, 09800SB2350sam001 -22- LRB098 10156 CEL 42472 a

rules, and regulations, including Part 280 of Title 83 of the
 Illinois Administrative Code.

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

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

9 Section 99. Effective date. This Act takes effect upon10 becoming law.".