



SENATE JOURNAL

STATE OF ILLINOIS

NINETY-FIFTH GENERAL ASSEMBLY

170TH LEGISLATIVE DAY

TUESDAY, AUGUST 19, 2008

2:30 O'CLOCK P.M.

SENATE
Daily Journal Index
170th Legislative Day

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SR 0827	Adopted	79

The Senate met pursuant to the directive of the President of the Senate.
Senator James A. DeLeo, Chicago, Illinois, presiding.
Prayer by Colonel Daniel Krumrei, Parkway Christian Church, Springfield, Illinois.
Senator Maloney led the Senate in the Pledge of Allegiance.

The Journal of Wednesday, August 13, 2008, was being read when on motion of Senator Hunter, further reading of same was dispensed with, and unless some Senator had corrections to offer, the Journal would stand approved. No corrections being offered, the Journal was ordered to stand approved.

MESSAGES FROM THE PRESIDENT

**OFFICE OF THE SENATE PRESIDENT
STATE OF ILLINOIS**

EMIL JONES, JR.
SENATE PRESIDENT

327 STATE CAPITOL
Springfield, Illinois 62706

August 15, 2008

Ms. Deborah Shipley
Secretary of the Senate
Room 403, State House
Springfield, IL 62706

Dear Madam Secretary:

Pursuant to Senate Rule 2-10, please be advised that on Tuesday, August 19, 2008, the Senate will convene in Regular Session at 2:00 p.m.

Very truly yours,
s/Emil Jones, Jr.
Senate President

cc: Senate Minority Leader Frank Watson

**OFFICE OF THE SENATE PRESIDENT
STATE OF ILLINOIS**

EMIL JONES, JR.
SENATE PRESIDENT

327 STATE CAPITOL
Springfield, Illinois 62706

August 19, 2008

Ms. Deborah Shipley
Secretary of the Senate
Room 403 State House
Springfield, IL 62706

Dear Madam Secretary:

Pursuant to Rule 3-2(c), I hereby appoint Senator Dan Kotowski to resume his position on the Senate State Government & Veterans Affairs Committee. This appointment is effective immediately.

Sincerely,
s/Emil Jones, Jr.
Senate President

[August 19, 2008]

cc: Senate Minority Leader Frank Watson

**OFFICE OF THE SENATE PRESIDENT
STATE OF ILLINOIS**

EMIL JONES, JR.
SENATE PRESIDENT

327 STATE CAPITOL
Springfield, Illinois 62706

August 19, 2008

Ms. Deborah Shipley
Secretary of the Senate
Room 403 State House
Springfield, IL 62706

Dear Madam Secretary:

Pursuant to Rule 3-2(c), I hereby appoint Senator James Meeks to resume his position on the Senate State Government & Veterans Affairs Committee. This appointment is effective immediately.

Sincerely,
s/Emil Jones, Jr.
Senate President

cc: Senate Minority Leader Frank Watson

**OFFICE OF THE SENATE PRESIDENT
STATE OF ILLINOIS**

EMIL JONES, JR.
SENATE PRESIDENT

327 STATE CAPITOL
Springfield, Illinois 62706

August 19, 2008

Ms. Deborah Shipley
Secretary of the Senate
Room 403 State House
Springfield, IL 62706

Dear Madam Secretary:

Pursuant to Rule 3-2(c), I hereby appoint Senator Michael Bond to resume his position on the Senate State Government & Veterans Affairs Committee. This appointment is effective immediately.

Sincerely,
s/Emil Jones, Jr.
Senate President

cc: Senate Minority Leader Frank Watson

**OFFICE OF THE SENATE PRESIDENT
STATE OF ILLINOIS**

EMIL JONES, JR.
SENATE PRESIDENT

327 STATE CAPITOL
Springfield, Illinois 62706

[August 19, 2008]

August 19, 2008

Ms. Deborah Shipley
Secretary of the Senate
Room 403 State House
Springfield, IL 62706

Dear Madam Secretary:

Pursuant to Rule 3-2(c), I hereby appoint Senator Ira Silverstein to resume his position on the Senate Executive Committee. This appointment is effective immediately.

Sincerely,
s/Emil Jones, Jr.
Senate President

cc: Senate Minority Leader Frank Watson

**OFFICE OF THE SENATE PRESIDENT
STATE OF ILLINOIS**

EMIL JONES, JR.
SENATE PRESIDENT

327 STATE CAPITOL
Springfield, Illinois 62706

August 19, 2008

Ms. Deborah Shipley
Secretary of the Senate
Room 403 State House
Springfield, IL 62706

Dear Madam Secretary:

Pursuant to Rule 3-2(c), I hereby appoint Senator Rickey Hendon to resume his position on the Senate Executive Committee. This appointment is effective immediately.

Sincerely,
s/Emil Jones, Jr.
Senate President

cc: Senate Minority Leader Frank Watson

**OFFICE OF THE SENATE PRESIDENT
STATE OF ILLINOIS**

EMIL JONES, JR.
SENATE PRESIDENT

327 STATE CAPITOL
Springfield, Illinois 62706

August 19, 2008

Ms. Deborah Shipley
Secretary of the Senate
Room 403 State House
Springfield, IL 62706

Dear Madam Secretary:

[August 19, 2008]

Pursuant to Rule 3-2(c), I hereby appoint Senator Louis Viverito to resume his position on the Senate Executive Committee. This appointment is effective immediately.

Sincerely,
s/Emil Jones, Jr.
Senate President

cc: Senate Minority Leader Frank Watson

**OFFICE OF THE SENATE PRESIDENT
STATE OF ILLINOIS**

EMIL JONES, JR.
SENATE PRESIDENT

327 STATE CAPITOL
Springfield, Illinois 62706

August 19, 2008

Ms. Deborah Shipley
Secretary of the Senate
Room 403 State House
Springfield, IL 62706

Dear Madam Secretary:

Pursuant to Rule 3-2(c), I hereby appoint Senator Ira Silverstein to resume his position on the Senate Judiciary-Criminal Law Committee. This appointment is effective immediately.

Sincerely,
s/Emil Jones, Jr.
Senate President

cc: Senate Minority Leader Frank Watson

**OFFICE OF THE SENATE PRESIDENT
STATE OF ILLINOIS**

EMIL JONES, JR.
SENATE PRESIDENT

327 STATE CAPITOL
Springfield, Illinois 62706

August 19, 2008

Ms. Deborah Shipley
Secretary of the Senate
Room 403 State House
Springfield, IL 62706

Dear Madam Secretary:

Pursuant to Rule 3-2(c), I hereby appoint Senator William Haine to resume his position on the Senate Judiciary-Criminal Law Committee. This appointment is effective immediately.

Sincerely,
s/Emil Jones, Jr.
Senate President

cc: Senate Minority Leader Frank Watson

[August 19, 2008]

**OFFICE OF THE SENATE PRESIDENT
STATE OF ILLINOIS**

EMIL JONES, JR.
SENATE PRESIDENT

327 STATE CAPITOL
Springfield, Illinois 62706

August 19, 2008

Ms. Deborah Shipley
Secretary of the Senate
Room 403 State House
Springfield, IL 62706

Dear Madam Secretary:

Pursuant to Rule 3-2(c), I hereby appoint Senator John Cullerton to resume his position on the Senate Judiciary-Criminal Law Committee. This appointment is effective immediately.

Sincerely,
s/Emil Jones, Jr.
Senate President

cc: Senate Minority Leader Frank Watson

**OFFICE OF THE SENATE PRESIDENT
STATE OF ILLINOIS**

EMIL JONES, JR.
SENATE PRESIDENT

327 STATE CAPITOL
Springfield, Illinois 62706

August 19, 2008

Ms. Deborah Shipley
Secretary of the Senate
Room 403 State House
Springfield, IL 62706

Dear Madam Secretary:

Pursuant to Rule 3-2(c), I hereby appoint Senator Louis Viverito to resume his position as a member of the Senate Rules Committee. This appointment is effective immediately.

Sincerely,
s/Emil Jones, Jr.
Senate President

cc: Senate Minority Leader Frank Watson

REPORTS RECEIVED

The Secretary placed before the Senate the following reports:

Monthly Briefing, July 2008, submitted by the Commission on Government Forecasting and Accountability.

[August 19, 2008]

DJJ Annual Bilingual Employees Report, submitted by the Department of Juvenile Justice.

DOC Annual Bilingual Employees Report, submitted by the Department of Corrections.

DOT Annual Report as required by Section 5/4-201.16 of the Illinois Highway Code, submitted by the Department of Transportation.

Report on the Feasibility of Printing Tax Increment Financing (TIF) District Information in Individual Tax Bills, submitted by the Department of Revenue.

The foregoing reports were ordered received and placed on file in the Secretary's Office.

PRESENTATION OF RESOLUTIONS

SENATE RESOLUTION NO. 828

Offered by Senators Radogno – Watson and all Senators:
Mourns the death of former Illinois State Representative Maureen Murphy of Evergreen Park.

SENATE RESOLUTION NO. 829

Offered by Senator Forby and all Senators:
Mourns the death of James "Jim" Bernhard of West Frankfort.

SENATE RESOLUTION NO. 830

Offered by Senator Lauzen and all Senators:
Mourns the death of U. S. Army Specialist Ryan Michael Carper of Sugar Grove.

SENATE RESOLUTION NO. 831

Offered by Senator Lauzen and all Senators:
Mourns the death of U. S. Army Private First Class Angelo Shane Allen.

SENATE RESOLUTION NO. 832

Offered by Senator Lauzen and all Senators:
Mourns the death of Eugene A. "Gene" Bonk of Bristol.

SENATE RESOLUTION NO. 833

Offered by Senator Viverito and all Senators:
Mourns the death of Shirley J. John.

SENATE RESOLUTION NO. 834

Offered by Senator Viverito and all Senators:
Mourns the death of John F. Orlos, Sr., of Burbank.

SENATE RESOLUTION NO. 835

Offered by Senator Haine and all Senators:
Mourns the death of Elizabeth Anne "Dolly" Parker Selph of Alton.

SENATE RESOLUTION NO. 836

Offered by Senator Viverito and all Senators:
Mourns the death of Amelia Rose "Amy" Phelps.

By unanimous consent, the foregoing resolutions were referred to the Resolutions Consent Calendar.

Senator Wilhelmi offered the following Senate Joint Resolution, which was referred to the Committee on Rules:

SENATE JOINT RESOLUTION NO. 107

[August 19, 2008]

WHEREAS, George E. Sangmeister served with distinction as a justice of the peace, county magistrate, State's Attorney, member of the Illinois House of Representatives, member of the Illinois Senate, and U.S. Congressman; and

WHEREAS, George E. Sangmeister served in the U.S. Army between 1951 to 1953 in the Korean War; and

WHEREAS, Through George E. Sangmeister's efforts, Will County became home to the Abraham Lincoln National Cemetery; and

WHEREAS, George E. Sangmeister passed away on October 7, 2007; and

WHEREAS, Because of George E. Sangmeister's many years of public service to his community, State, and country, it is appropriate to honor him for such service; therefore, be it

RESOLVED, BY THE SENATE OF THE NINETY-FIFTH GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, THE HOUSE OF REPRESENTATIVES CONCURRING HEREIN, that Route 53 from I-80 south to Hoff Road be designated as the George E. Sangmeister Memorial Highway; and be it further

RESOLVED, That the Illinois Department of Transportation be requested to erect, at suitable locations consistent with State and federal regulations, an appropriate plaque or signs giving notice of the name; and be it further

RESOLVED, That suitable copies of this resolution be presented to the family of George E. Sangmeister and the Illinois Secretary of Transportation.

INTRODUCTION OF BILL

SENATE BILL NO. 3057. Introduced by Senator Holmes, a bill for AN ACT concerning appropriations.

The bill was taken up, read by title a first time, ordered printed and referred to the Committee on Rules.

MESSAGES FROM THE HOUSE

A message from the House by

Mr. Mahoney, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of a bill of the following title, to-wit:

SENATE BILL NO. 1987

A bill for AN ACT concerning regulation.

Together with the following amendment which is attached, in the adoption of which I am instructed to ask the concurrence of the Senate, to-wit:

House Amendment No. 2 to SENATE BILL NO. 1987

House Amendment No. 4 to SENATE BILL NO. 1987

House Amendment No. 5 to SENATE BILL NO. 1987

Passed the House, as amended, July 16, 2008.

MARK MAHONEY, Clerk of the House

AMENDMENT NO. 2 TO SENATE BILL 1987

AMENDMENT NO. 2. Amend Senate Bill 1987 by replacing everything after the enacting clause with the following:

[August 19, 2008]

"ARTICLE 1

Section 1-1. Short title. This Article may be cited as the Clean Coal Portfolio Standard Law.

Section 1-5. The Illinois Power Agency Act is amended by changing Sections 1-5, 1-10, 1-75, and 1-80 as follows:

(20 ILCS 3855/1-5)

Sec. 1-5. Legislative declarations and findings. The General Assembly finds and declares:

(1) The health, welfare, and prosperity of all Illinois citizens require the provision of adequate, reliable, affordable, efficient, and environmentally sustainable electric service at the lowest total cost over time, taking into account any benefits of price stability.

(2) The transition to retail competition is not complete. Some customers, especially residential and small commercial customers, have failed to benefit from lower electricity costs from retail and wholesale competition.

(3) Escalating prices for electricity in Illinois pose a serious threat to the economic well-being, health, and safety of the residents of and the commerce and industry of the State.

(4) To protect against this threat to economic well-being, health, and safety it is necessary to improve the process of procuring electricity to serve Illinois residents, to promote investment in energy efficiency and demand-response measures, and to support development of clean coal technologies and renewable resources.

(5) Procuring a diverse electricity supply portfolio will ensure the lowest total cost over time for adequate, reliable, efficient, and environmentally sustainable electric service.

(6) Including cost-effective renewable resources in that portfolio will reduce long-term direct and indirect costs to consumers by decreasing environmental impacts and by avoiding or delaying the need for new generation, transmission, and distribution infrastructure.

(7) Energy efficiency, demand-response measures, and renewable energy are resources currently underused in Illinois.

(8) The State should encourage the use of advanced clean coal technologies that capture and sequester carbon dioxide emissions to advance environmental protection goals and to demonstrate the viability of coal and coal-derived fuels in a carbon-constrained economy.

The General Assembly therefore finds that it is necessary to create the Illinois Power Agency and that the goals and objectives of that Agency are to accomplish each of the following:

(A) 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 plan shall be updated on an annual basis and shall include renewable energy resources sufficient to achieve the standards specified in this Act.

(B) Conduct competitive procurement processes to procure the supply resources identified in the procurement plan.

(C) 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.

(D) 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.

(Source: P.A. 95-481, eff. 8-28-07.)

(20 ILCS 3855/1-10)

Sec. 1-10. Definitions.

"Agency" means the Illinois Power Agency.

"Agency loan agreement" means any agreement pursuant to which the Illinois Finance Authority agrees to loan the proceeds of revenue bonds issued with respect to a project to the Agency upon terms providing for loan repayment installments at least sufficient to pay when due all principal of, interest and premium, if any, on those revenue bonds, and providing for maintenance, insurance, and other matters in respect of the project.

"Authority" means the Illinois Finance Authority.

"Clean coal facility" means an electric generating facility that uses primarily coal as a feedstock and that captures and sequesters carbon emissions at the following levels: at least 50% of the total carbon emissions that the facility would otherwise emit if, at the time construction commences, the facility is scheduled to commence operation before 2015, 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 2015 or 2016, 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 2016. 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 the effective date of 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 coal as a feedstock, with all such coal having a high bituminous rank and greater than 1.7 pounds of sulfur per million btu content.

"Commission" means the Illinois Commerce Commission.

"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 construction of a specific project and placing that project in operation.

"Department" means the Department of Commerce and Economic Opportunity.

"Director" means the Director of the Illinois Power Agency.

"Demand-response" means measures that decrease peak electricity demand or shift demand from peak to off-peak 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 Section 16-102 of the Public Utilities Act.

"Facility" means an electric generating unit or a co-generating unit that produces electricity along with related equipment necessary to connect the facility to an electric transmission or distribution system.

"Governmental aggregator" means one or more units of local government that individually or collectively procure electricity to serve residential retail electrical loads located within its or their jurisdiction.

"Local government" means a unit of local government as defined in Article VII of Section 1 of the Illinois Constitution.

"Municipality" means a city, village, or incorporated town.

"Person" means any natural person, firm, partnership, corporation, either domestic or foreign, company, association, limited liability company, joint stock company, or association and includes any trustee, receiver, assignee, or personal representative thereof.

"Project" means the planning, bidding, and construction of a facility.

"Public utility" has the same definition as found in Section 3-105 of the Public Utilities Act.

"Real property" means any interest in land together with all structures, fixtures, and improvements thereon, including lands under water and riparian rights, any easements, 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.

"Renewable energy credit" means a tradable credit that represents the environmental attributes of a certain amount of energy produced from a renewable energy resource.

"Renewable energy resources" includes energy and its associated renewable energy credit or renewable energy credits from wind, solar thermal energy, photovoltaic cells and panels, biodiesel, crops

and untreated and unadulterated organic waste biomass, trees and tree trimmings, hydropower that does not involve new construction or significant expansion of 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, burning, or heating 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, and 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.

"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.

"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 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 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.)

(20 ILCS 3855/1-75)

Sec. 1-75. Planning and Procurement Bureau. The Planning and Procurement Bureau has the following duties and responsibilities:

(a) The Planning and Procurement Bureau shall each year, beginning in 2008, develop plans for the procurement of electricity supply, including electricity generated by clean coal facilities and facilities that use renewable resources. The Bureau shall plans and conduct competitive procurement processes in accordance with the requirements of Section 16-111.5 of the Public Utilities Act for the eligible retail customers of electric utilities that on December 31, 2005 provided electric service to at least 100,000 customers in Illinois. For the purposes of this Section, the term "eligible retail customers" has the same definition as found in Section 16-111.5(a) of the Public Utilities Act.

(1) The Agency shall each year, beginning in 2008, as needed, issue a request for qualifications for experts or expert consulting firms to develop the procurement plans in accordance with Section 16-111.5 of the Public Utilities Act. In order to qualify an expert or expert consulting firm must have:

- (A) direct previous experience assembling large-scale power supply plans or portfolios for end-use customers;
- (B) an advanced degree in economics, mathematics, engineering, risk management, or a related area of study;
- (C) 10 years of experience in the electricity sector, including managing supply risk;
- (D) expertise in wholesale electricity market rules, including those established by the Federal Energy Regulatory Commission and regional transmission organizations;
- (E) expertise in credit protocols and familiarity with contract protocols;
- (F) adequate resources to perform and fulfill the required functions and responsibilities; and
- (G) the absence of a conflict of interest and inappropriate bias for or against potential bidders or the affected electric utilities.

(2) The Agency shall each year, as needed, issue a request for qualifications for a procurement administrator to conduct the competitive procurement processes in accordance with Section 16-111.5 of the Public Utilities Act. In order to qualify an expert or expert consulting firm

must have:

- (A) direct previous experience administering a large-scale competitive procurement process;
- (B) an advanced degree in economics, mathematics, engineering, or a related area of study;
- (C) 10 years of experience in the electricity sector, including risk management experience;
- (D) expertise in wholesale electricity market rules, including those established by the Federal Energy Regulatory Commission and regional transmission organizations;
- (E) expertise in credit and contract protocols;
- (F) adequate resources to perform and fulfill the required functions and responsibilities; and
- (G) the absence of a conflict of interest and inappropriate bias for or against potential bidders or the affected electric utilities.

(3) The Agency shall provide affected utilities and other interested parties with the lists of qualified experts or expert consulting firms identified through the request for qualifications processes that are under consideration to develop the procurement plans and to serve as the procurement administrator. The Agency shall also provide each qualified expert's or expert consulting firm's response to the request for qualifications. All information provided under this subparagraph shall also be provided to the Commission. The Agency may provide by rule for fees associated with supplying the information to utilities and other interested parties. These parties shall, within 5 business days, notify the Agency in writing if they object to any experts or expert consulting firms on the lists. Objections shall be based on:

- (A) failure to satisfy qualification criteria;
- (B) identification of a conflict of interest; or
- (C) evidence of inappropriate bias for or against potential bidders or the affected utilities.

The Agency shall remove experts or expert consulting firms from the lists within 10 days if there is a reasonable basis for an objection and provide the updated lists to the affected utilities and other interested parties. If the Agency fails to remove an expert or expert consulting firm from a list, an objecting party may seek review by the Commission within 5 days thereafter by filing a petition, and the Commission shall render a ruling on the petition within 10 days. There is no right of appeal of the Commission's ruling.

(4) The Agency shall issue requests for proposals to the qualified experts or expert consulting firms to develop a procurement plan for the affected utilities and to serve as procurement administrator.

(5) The Agency shall select an expert or expert consulting firm to develop procurement plans based on the proposals submitted and shall award one-year contracts to those selected with an option for the Agency for a one-year renewal.

(6) The Agency shall select an expert or expert consulting firm, with approval of the Commission, to serve as procurement administrator based on the proposals submitted. If the Commission rejects, within 5 days, the Agency's selection, the Agency shall submit another recommendation within 3 days based on the proposals submitted. The Agency shall award a one-year contract to the expert or expert consulting firm so selected with Commission approval with an option for the Agency for a one-year renewal.

(b) The experts or expert consulting firms retained by the Agency shall, as appropriate, prepare procurement plans, and conduct a competitive procurement process as prescribed in Section 16-111.5 of the Public Utilities Act, 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 eligible retail customers of electric utilities that on December 31, 2005 provided electric service to at least 100,000 customers in the State of Illinois.

(c) Renewable portfolio standard.

(1) The procurement plans shall include cost-effective renewable energy resources.

A minimum percentage of each utility's total supply to serve the load of eligible retail customers, as defined in Section 16-111.5(a) of the Public Utilities Act, procured for each of the following years shall be generated from cost-effective renewable energy resources: at least 2% by June 1, 2008; at least 4% by June 1, 2009; at least 5% by June 1, 2010; at least 6% by June 1, 2011; at least 7% by June 1, 2012; at least 8% by June 1, 2013; at least 9% by June 1, 2014; at least 10% by June 1, 2015; and increasing by at least 1.5% each year thereafter to at least 25% by June 1, 2025. To the

[August 19, 2008]

extent that it is available, at least 75% of the renewable energy resources used to meet these standards shall come from wind generation. For purposes of this Section, "cost-effective" means that the costs of procuring renewable energy resources do not cause the limit stated in paragraph (2) of this subsection (c) to be exceeded and do not exceed benchmarks based on market prices for renewable resources in the region, which shall be developed by the procurement administrator, in consultation with the Commission staff, Agency staff, and the procurement monitor and shall be subject to Commission review and approval.

(2) For purposes of this subsection (c), the required procurement of cost-effective renewable energy resources for a particular year shall be measured as a percentage of the actual amount of electricity (megawatt-hours) supplied by the electric utility to eligible retail customers in the planning year ending immediately prior to the procurement. For purposes of this subsection (c), the amount per kilowatthour means the total amount paid for electric service expressed on a per kilowatthour basis. For purposes of this subsection (c), the total amount paid for electric service includes without limitation amounts paid for supply, transmission, distribution, surcharges, and add-on taxes.

Notwithstanding the requirements of this subsection (c), the total of renewable energy resources procured pursuant to the procurement plan for any single year shall be reduced by an amount necessary to limit the annual estimated average net increase due to the costs of these resources included in the amounts paid by eligible retail customers in connection with electric service to:

(A) in 2008, no more than 0.5% of the amount paid per kilowatthour by those customers during the year ending May 31, 2007;

(B) in 2009, the greater of an additional 0.5% of the amount paid per kilowatthour by those customers during the year ending May 31, 2008 or 1% of the amount paid per kilowatthour by those customers during the year ending May 31, 2007;

(C) in 2010, the greater of an additional 0.5% of the amount paid per kilowatthour by those customers during the year ending May 31, 2009 or 1.5% of the amount paid per kilowatthour by those customers during the year ending May 31, 2007;

(D) in 2011, the greater of an additional 0.5% of the amount paid per kilowatthour by those customers during the year ending May 31, 2010 or 2% of the amount paid per kilowatthour by those customers during the year ending May 31, 2007; and

(E) thereafter, the amount of renewable energy resources procured pursuant to the procurement plan for any single year shall be reduced by an amount necessary to limit the estimated average net increase due to the cost of these resources included in the amounts paid by eligible retail customers in connection with electric service to no more than the greater of 2.015% of the amount paid per kilowatthour by those customers during the year ending May 31, 2007 or the incremental amount per kilowatthour paid for these resources in 2011.

No later than June 30, 2011, the Commission shall review the limitation on the amount of renewable energy resources procured pursuant to this subsection (c) and report to the General Assembly its findings as to whether that limitation unduly constrains the procurement of cost-effective renewable energy resources.

(3) Through June 1, 2011, renewable energy resources shall be counted for the purpose of meeting the renewable energy standards set forth in paragraph (1) of this subsection (c) only if they are generated from facilities located in the State, provided that cost-effective renewable energy resources are available from those facilities. If those cost-effective resources are not available in Illinois, they shall be procured in states that adjoin Illinois and may be counted towards compliance. If those cost-effective resources are not available in Illinois or in states that adjoin Illinois, they shall be purchased elsewhere and shall be counted towards compliance. After June 1, 2011, cost-effective renewable energy resources located in Illinois and in states that adjoin Illinois may be counted towards compliance with the standards set forth in paragraph (1) of this subsection (c). If those cost-effective resources are not available in Illinois or in states that adjoin Illinois, they shall be purchased elsewhere and shall be counted towards compliance.

(4) The electric utility shall retire all renewable energy credits used to comply with the standard.

(d) Clean coal portfolio standard.

(1) The procurement plans shall include electricity generated using clean coal. At least 5% of each utility's total supply to serve the load of eligible retail customers in 2015 and each year thereafter shall be generated by the initial clean coal facility, subject to the limits specified in paragraph (2) of this subsection (d). It is the goal of the State that by January 1, 2025, 25% of the electricity used in the State

shall be generated by cost-effective clean coal facilities. For purposes of this Section, "cost-effective" means that the costs of procuring electricity generated by cost-effective clean coal facilities do not cause the limit stated in paragraph (2) of this subsection (d) to be exceeded and do not exceed cost-based benchmarks, which shall be developed to assess all purchases of electricity generated by clean coal facilities, other than the initial clean coal facility, by the procurement administrator, in consultation with the Commission staff, Agency staff, and the procurement monitor and shall be subject to Commission review and approval. For purposes of meeting the requirements of this Section:

(A) A utility need not actually deliver electricity purchased to comply with this Section to eligible retail customers, provided that if the utility claims credit for such purpose, subsequent purchasers shall not receive any emission credits in connection with the purchase of such electricity.

(B) Utilities shall maintain adequate records documenting the contractual disposition of all electricity purchased to comply with this Section and shall file an accounting with the load forecast that must be filed with the Agency by July 15 of each year, in accordance with subsection (d) of Section 16-111.5 of the Public Utilities Act.

(2) For purposes of this subsection (d), the required procurement of electricity generated by cost-effective clean coal facilities for a particular year shall be measured as a percentage of the actual amount of electricity (megawatt-hours) supplied by the electric utility to eligible retail customers in the planning year ending immediately prior to the procurement. For purposes of this subsection (d) the amount per kilowatt-hour means the total amount paid for electric service expressed on a per kilowatt-hour basis. For purposes of this subsection (d), the total amount paid for electric service includes without limitation amounts paid for supply, transmission, distribution, surcharges and add-on taxes.

Notwithstanding the requirements of this subsection (d), the total amount of electricity generated by clean coal facilities procured pursuant to the procurement plan for any given year shall be reduced by an amount necessary to limit the annual estimated average net increase due to the costs of these resources included in the amounts paid by eligible retail customers in connection with electric service to:

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

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

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

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

(v) thereafter, the amount of electricity generated by clean coal facilities procured pursuant to the procurement plan for any single year shall be reduced by an amount necessary to limit the estimated average net increase due to the cost of these resources included in the amounts paid by eligible retail customers in connection with electric service to no more than the greater of (i) 2.015% of the amount paid per kilowatthour by those customers during the year ending May 31, 2009 or (ii) the incremental amount per kilowatthour paid for these resources in 2013. These requirements may be altered only as provided by statute. No later than June 30, 2015, the Commission shall review the limitation on the amount of electricity generated by clean coal facilities procured pursuant to this subsection (d) and report to the General Assembly its findings as to whether that limitation unduly constrains the procurement of cost-effective clean coal facilities.

(3) Initial clean coal facility. In order to promote development of clean coal facilities in Illinois, each electric utility subject to this Section shall execute a power purchase agreement to purchase electricity from a proposed clean coal facility in Illinois (the "initial clean coal facility") that will have a nameplate capacity of at least 500 MW when commercial operation commences, that has a final Clean Air Act permit on the effective date of this amendatory Act of the 95th General Assembly, and that will meet the definition of clean coal facility in Section 1-10 of this Act when commercial operation commences. The power purchase agreements with this initial clean coal facility shall be executed within 60 days after the later of the effective date of this amendatory Act of the 95th General Assembly or approval of the agreement by the Federal Energy Regulatory Commission and shall be considered pre-existing contracts in the utilities' procurement plans for eligible retail customers. The Agency and the Commission shall have authority to inspect all books and records associated with the initial clean coal facility during the term of such a power purchase agreement. A utility's power purchase agreement for

the sale of energy and capacity produced by the initial clean coal facility shall:

(i) provide for a formula rate, approved pursuant to paragraph (4) of this subsection (d), which shall be determined using a cost of service methodology employing either a level or deferred capital recovery component, based on a capital structure consisting of 45% equity and 55% debt, and a return on equity as may be approved by the Federal Energy Regulatory Commission, but in any case not to exceed the lower of 11.5% or the rate of return approved by the General Assembly pursuant to paragraph (4) of this subsection (d);

(ii) provide that all miscellaneous net revenue, including but not limited to net revenue from the sale of emission allowances, if any, substitute natural gas, if any, grants or other support provided by the State of Illinois or the United States Government, firm transmission rights, if any, by-products produced by the facility, energy or capacity derived from the facility and not purchased pursuant to paragraph (3) of this subsection (d) or item (5) of subsection (d) of Section 16-115 of the Public Utilities Act, whether generated from the synthesis gas derived from coal, from substitute natural gas, or from natural gas, shall be credited against the revenue requirement for this initial clean coal facility;

(iii) establish a plant availability target of 85% starting in the third year of commercial operation and an incentive structure based on this target, under which the penalty in any given year shall not exceed 15% of the amount of return on equity approved pursuant to paragraph (4) of this subsection (d) and the bonus shall not exceed 10% of the amount of return on equity approved pursuant to paragraph (4) of this subsection (d);

(iv) require delivery of electricity to the initial clean coal facility busbar, which shall be interconnected with transmission facilities operated by the Midwest Independent System Operator, the PJM Interconnection or their successors;

(v) specify a term of no more than 30 years, commencing on the commercial operation date of the facility;

(vi) require a utility subject to this Section to buy from the initial clean coal facility in each hour an amount of energy equal to all clean coal energy made available from the initial clean coal facility during such hour times a fraction, the numerator of which is such utility's market share of electricity sold in the utility's service territory (expressed in kilowatt-hours sold) during the prior calendar month and the denominator of which is the total market shares during the prior month of all utilities and alternative retail electric suppliers that are party to a power purchase agreement with the initial clean coal facility, provided that the amount purchased by the utility in any year will be limited by item (2) of this subsection (d);

(vii) append documentation showing that the formula rate and contract have been approved by the Federal Energy Regulatory Commission pursuant to Section 205 of the Federal Power Act;

(viii) provide that all costs associated with the initial clean coal project will be periodically reported to the Federal Energy Regulatory Commission and to purchasers in accordance with applicable laws governing cost-based wholesale power contracts;

(ix) provide that any changes to the terms of the contract are subject to review under the public interest standard applied by the Federal Energy Regulatory Commission pursuant to Sections 205 and 206 of the Federal Power Act;

(x) conform with customary lender requirements in power purchase agreements used as the basis for financing non-utility generators;

(xi) permit the Illinois Power Agency to assume ownership of the initial clean coal facility, without monetary consideration and otherwise on reasonable terms acceptable to the Agency, if the Agency so requests no less than 3 years prior to the end of the stated contract term;

(xii) require the owner of the initial clean coal facility to provide documentation to the Commission each year, starting in the facility's third year of commercial operation, accurately reporting the quantity of carbon emissions from the facility that have been captured and sequestered and report any quantities of carbon released from the site or sites at which carbon emissions were sequestered in prior years, based on continuous monitoring of such sites. If, in any year after the third year of commercial operation, the owner of the facility fails to demonstrate that the initial clean coal facility captured and sequestered at least 50% of the total carbon emissions that the facility would otherwise emit or that sequestration of emissions from prior years has failed, resulting in the release of carbon dioxide into the atmosphere, the owner of the facility must offset excess emissions. Any such carbon offsets must be permanent, additional, verifiable, real, located within the state of Illinois, and legally and practically enforceable. The cost of such offsets for the facility that are not recoverable shall not exceed \$15 million in any given year. No costs of any such purchases of carbon offsets may be recovered from a utility or its customers. All carbon offsets purchased for this purpose and any carbon emission credits associated with sequestration of carbon from the facility must be permanently retired. The initial clean coal facility shall

not forfeit its designation as a clean coal facility if the facility fails to fully comply with the applicable carbon sequestration requirements in any given year, provided the requisite offsets are purchased. However, the Attorney General, on behalf of the People of the State of Illinois, may specifically enforce the facility's sequestration requirement and the other terms of this contract provision;

(xiii) include limits on, and accordingly provide for modification of, the amount of energy the utility is required to purchase under the contract consistent with item (2) of this subsection (d);

(xiv) require Commission review: (A) to determine the justness, reasonableness, and prudence of the inputs to the formula referenced in subparagraph (i) of item (3) of this subsection (d), prior to an adjustment in those inputs including, without limitation, the capital structure and return on equity, fuel costs, and other operations and maintenance costs and (B) to approve the costs passed through to customers under this contract by which the utility satisfies its statutory obligations;

(xv) limit the utility's obligation to such amount as the utility is allowed to recover through tariffs with the Commission, provided that neither the clean coal facility nor the utility waives any right to assert federal pre-emption or any other argument in response to a purported disallowance of recovery costs;

(xvi) limit the purchaser's obligation to incur any liability until such time as the facility is generating power and energy and such power and energy is being delivered to the facility busbar.

(4) Effective date of power purchase agreements for the initial clean coal facility. Power purchase agreements with the initial clean coal facility shall not become effective unless authorizing legislation is enacted to approve the projected price, stated in cents per kilowatt-hour, to be charged for electricity generated by the initial clean coal facility; the projected impact on residential and small business customers' bills over the life of the power purchase agreement; and allowable return on equity for the project, based on a front end engineering and design study, a facility cost report, and an operating and maintenance cost quote for the facility, which shall be prepared as follows:

(A) The facility cost report shall be prepared by duly licensed engineering and construction firms detailing the estimated capital costs payable to one or more contractors or suppliers for the engineering, procurement and construction of the components comprising the initial clean coal facility and the estimated costs of operation and maintenance of the facility. The facility cost report shall include:

(i) an estimate of the capital cost of the core plant based on one or more front end engineering and design studies for the gasification island and related facilities. The core plant shall include all civil, structural, mechanical, electrical, control, and safety systems.

(ii) an estimate of the capital cost of the balance of the plant, including any capital costs associated with sequestration of carbon dioxide emissions and all interconnects and interfaces required to operate the facility, such as transmission of electricity, construction or backfeed power supply, pipelines to transport substitute natural gas or carbon dioxide, potable water supply, natural gas supply, water supply, water discharge, landfill, access roads, and coal delivery.

The quoted construction costs shall be expressed in nominal dollars as of the date that the quote is prepared and shall include (1) capitalized financing costs during construction, (2) taxes, insurance, and other owners costs, and (3) an assumed escalation in materials and labor beyond the date as of which the construction cost quote is expressed.

(B) The front end engineering and design study for the gasification island and the cost study for the balance of plant shall include sufficient design work to permit quantification of major categories of materials, commodities and labor hours, and receipt of quotes from vendors of major equipment required to construct and operate the clean coal facility.

(C) The facility cost report shall also include 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 operations and maintenance costs.

(a) The delivered fuel cost estimate will 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 will be developed based on the inputs provided by duly licensed engineering and construction firms 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 (including the cost of the front end engineering and design study) shall be expressed in nominal dollars as of the date that the quote is prepared and shall include (1) taxes, insurance, and other owner's costs, and (2) an assumed escalation in materials and labor beyond the date as of which the operating and maintenance cost quote is expressed.

(D) Amounts paid to third parties unrelated to the owner or owners of the initial clean coal facility to prepare the core plant construction cost quote, including the front end engineering and design

study, and the operating and maintenance cost quote will be reimbursed through Coal Development Bonds.

(5) Re-powering and retrofitting coal-fired power plants previously owned by Illinois utilities to qualify as clean coal facilities. During the 2009 procurement planning process and thereafter, the Agency and the Commission shall consider contracts to purchase electricity generated by power plants that were previously owned by Illinois utilities and that have been or will be converted into clean coal facilities, as defined by Section 1-10 of this Act. The owners of such facilities may propose long-term power purchase agreements to sell electricity on a cost of service basis, to utilities and Alternative Retail Electric Suppliers required, under subsection (d) of this Section and item (5) of subsection (d) of Section 16-115 of the Public Utilities Act to comply with the clean coal portfolio standard. The Agency and the Commission may approve any such utility contracts that do not exceed cost-based benchmarks developed by the procurement administrator, in consultation with the Commission staff, Agency staff and the procurement monitor, subject to Commission review and approval. The Commission shall have authority to inspect all books and records associated with these clean coal facilities during the term of any such contract.

(6) Costs incurred under this subsection (d) or pursuant to a contract entered into under this subsection (d) shall be deemed prudently incurred and reasonable in amount and the electric utility shall be entitled to full cost recovery pursuant to the tariffs filed with the Commission.

(e) (d) The draft procurement plans are subject to public comment, as required by Section 16-111.5 of the Public Utilities Act.

(f) (e) The Agency shall submit the final procurement plan to the Commission. The Agency shall revise a procurement plan if the Commission determines that it does not meet the standards set forth in Section 16-111.5 of the Public Utilities Act.

(g) (f) The Agency shall assess fees to each affected utility to recover the costs incurred in preparation of the annual procurement plan for the utility.

(h) (g) The Agency shall assess fees to each bidder to recover the costs incurred in connection with a competitive procurement process.

(Source: P.A. 95-481, eff. 8-28-07.)

(20 ILCS 3855/1-80)

Sec. 1-80. Resource Development Bureau. The Resource Development Bureau has the following duties and responsibilities:

(a) At the Agency's discretion, conduct feasibility studies on the construction of any facility. Funding for a study shall come from either:

(i) fees assessed by the Agency on municipal electric systems, governmental aggregators, unit or units of local government, or rural electric cooperatives requesting the feasibility study; or

(ii) an appropriation from the General Assembly.

(b) If the Agency undertakes the construction of a facility, moneys generated from the sale of revenue bonds by the Authority for the facility shall be used to reimburse the source of the money used for the facility's feasibility study.

(c) The Agency may develop, finance, construct, or operate electric generation and co-generation facilities that use indigenous coal or renewable resources, or both, financed with bonds issued by the Authority on behalf of the Agency. Any such facility that uses coal must be a clean coal facility and must be constructed in a location Preference shall be given to technologies that enable carbon capture and sites in locations where the geology is suitable for carbon sequestration. The Agency may also develop, finance, construct, or operate a carbon sequestration facility.

(1) The Agency may enter into contractual arrangements with private and public entities, including but not limited to municipal electric systems, governmental aggregators, and rural electric cooperatives, to plan, site, construct, improve, rehabilitate, and operate those electric generation and co-generation facilities. No contract shall be entered into by the Agency that would jeopardize the tax-exempt status of any bond issued in connection with a project for which the Agency entered into the contract.

(2) The Agency shall hold at least one public hearing before entering into any such contractual arrangements. At least 30-days' notice of the hearing shall be given by publication once in each week during that period in 6 newspapers within the State, at least one of which has a circulation area that includes the location of the proposed facility.

(3) The first facility that the Agency develops, finances, or constructs shall be a facility that uses coal produced in Illinois. The Agency may, however, also develop, finance, or construct renewable energy facilities after work on the first facility has commenced.

(4) The Agency may not develop, finance, or construct a nuclear power plant.

(5) The Agency shall assess fees to applicants seeking to partner with the Agency on projects.

(d) Use of electricity generated by the Agency's facilities. The Agency may supply electricity produced by the Agency's facilities to municipal electric systems, governmental aggregators, or rural electric cooperatives in Illinois. The electricity shall be supplied at cost.

(1) Contracts to supply power and energy from the Agency's facilities shall provide for the effectuation of the policies set forth in this Act.

(2) The contracts shall also provide that, notwithstanding any provision in the Public Utilities Act, entities supplied with power and energy from an Agency facility shall supply the power and energy to retail customers at the same price paid to purchase power and energy from the Agency.

(e) Electric utilities shall not be required to purchase electricity directly or indirectly from facilities developed or sponsored by the Agency.

(f) The Agency may sell excess capacity and excess energy into the wholesale electric market at prevailing market rates; provided, however, the Agency may not sell excess capacity or excess energy through the procurement process described in Section 16-111.5 of the Public Utilities Act.

(g) The Agency shall not directly sell electric power and energy to retail customers.

Nothing in this paragraph shall be construed to prohibit sales to municipal electric systems, governmental aggregators, or rural electric cooperatives.

(Source: P.A. 95-481, eff. 8-28-07.)

Section 1-10. The Public Utilities Act is amended by changing Sections 9-220, 16-101A, and 16-115 as follows:

(220 ILCS 5/9-220) (from Ch. 111 2/3, par. 9-220)

Sec. 9-220. Rate changes based on changes in fuel costs.

(a) Notwithstanding the provisions of Section 9-201, the Commission may authorize the increase or decrease of rates and charges based upon changes in the cost of fuel used in the generation or production of electric power, changes in the cost of purchased power, or changes in the cost of purchased gas through the application of fuel adjustment clauses or purchased gas adjustment clauses. The Commission may also authorize the increase or decrease of rates and charges based upon expenditures or revenues resulting from the purchase or sale of emission allowances created under the federal Clean Air Act Amendments of 1990, through such fuel adjustment clauses, as a cost of fuel. For the purposes of this paragraph, cost of fuel used in the generation or production of electric power shall include the amount of any fees paid by the utility for the implementation and operation of a process for the desulfurization of the flue gas when burning high sulfur coal at any location within the State of Illinois irrespective of the attainment status designation of such location; but shall not include transportation costs of coal (i) except to the extent that for contracts entered into on and after the effective date of this amendatory Act of 1997, the cost of the coal, including transportation costs, constitutes the lowest cost for adequate and reliable fuel supply reasonably available to the public utility in comparison to the cost, including transportation costs, of other adequate and reliable sources of fuel supply reasonably available to the public utility, or (ii) except as otherwise provided in the next 3 sentences of this paragraph. Such costs of fuel shall, when requested by a utility or at the conclusion of the utility's next general electric rate proceeding, whichever shall first occur, include transportation costs of coal purchased under existing coal purchase contracts. For purposes of this paragraph "existing coal purchase contracts" means contracts for the purchase of coal in effect on the effective date of this amendatory Act of 1991, as such contracts may thereafter be amended, but only to the extent that any such amendment does not increase the aggregate quantity of coal to be purchased under such contract. Nothing herein shall authorize an electric utility to recover through its fuel adjustment clause any amounts of transportation costs of coal that were included in the revenue requirement used to set base rates in its most recent general rate proceeding. Cost shall be based upon uniformly applied accounting principles. Annually, the Commission shall initiate public hearings to determine whether the clauses reflect actual costs of fuel, gas, power, or coal transportation purchased to determine whether such purchases were prudent, and to reconcile any amounts collected with the actual costs of fuel, power, gas, or coal transportation prudently purchased. In each such proceeding, the burden of proof shall be upon the utility to establish the prudence of its cost of fuel, power, gas, or coal transportation purchases and costs. The Commission shall issue its final order in each such annual proceeding for an electric utility by December 31 of the year immediately following the year to which the proceeding pertains, provided, that the Commission

shall issue its final order with respect to such annual proceeding for the years 1996 and earlier by December 31, 1998.

(b) A public utility providing electric service, other than a public utility described in subsections (e) or (f) of this Section, may at any time during the mandatory transition period file with the Commission proposed tariff sheets that eliminate the public utility's fuel adjustment clause and adjust the public utility's base rate tariffs by the amount necessary for the base fuel component of the base rates to recover the public utility's average fuel and power supply costs per kilowatt-hour for the 2 most recent years for which the Commission has issued final orders in annual proceedings pursuant to subsection (a), where the average fuel and power supply costs per kilowatt-hour shall be calculated as the sum of the public utility's prudent and allowable fuel and power supply costs as found by the Commission in the 2 proceedings divided by the public utility's actual jurisdictional kilowatt-hour sales for those 2 years. Notwithstanding any contrary or inconsistent provisions in Section 9-201 of this Act, in subsection (a) of this Section or in any rules or regulations promulgated by the Commission pursuant to subsection (g) of this Section, the Commission shall review and shall by order approve, or approve as modified, the proposed tariff sheets within 60 days after the date of the public utility's filing. The Commission may modify the public utility's proposed tariff sheets only to the extent the Commission finds necessary to achieve conformance to the requirements of this subsection (b). During the 5 years following the date of the Commission's order, but in any event no earlier than January 1, 2007, a public utility whose fuel adjustment clause has been eliminated pursuant to this subsection shall not file proposed tariff sheets seeking, or otherwise petition the Commission for, reinstatement of a fuel adjustment clause.

(c) Notwithstanding any contrary or inconsistent provisions in Section 9-201 of this Act, in subsection (a) of this Section or in any rules or regulations promulgated by the Commission pursuant to subsection (g) of this Section, a public utility providing electric service, other than a public utility described in subsection (e) or (f) of this Section, may at any time during the mandatory transition period file with the Commission proposed tariff sheets that establish the rate per kilowatt-hour to be applied pursuant to the public utility's fuel adjustment clause at the average value for such rate during the preceding 24 months, provided that such average rate results in a credit to customers' bills, without making any revisions to the public utility's base rate tariffs. The proposed tariff sheets shall establish the fuel adjustment rate for a specific time period of at least 3 years but not more than 5 years, provided that the terms and conditions for any reinstatement earlier than 5 years shall be set forth in the proposed tariff sheets and subject to modification or approval by the Commission. The Commission shall review and shall by order approve the proposed tariff sheets if it finds that the requirements of this subsection are met. The Commission shall not conduct the annual hearings specified in the last 3 sentences of subsection (a) of this Section for the utility for the period that the factor established pursuant to this subsection is in effect.

(d) A public utility providing electric service, or a public utility providing gas service may file with the Commission proposed tariff sheets that eliminate the public utility's fuel or purchased gas adjustment clause and adjust the public utility's base rate tariffs to provide for recovery of power supply costs or gas supply costs that would have been recovered through such clause; provided, that the provisions of this subsection (d) shall not be available to a public utility described in subsections (e) or (f) of this Section to eliminate its fuel adjustment clause. Notwithstanding any contrary or inconsistent provisions in Section 9-201 of this Act, in subsection (a) of this Section, or in any rules or regulations promulgated by the Commission pursuant to subsection (g) of this Section, the Commission shall review and shall by order approve, or approve as modified in the Commission's order, the proposed tariff sheets within 240 days after the date of the public utility's filing. The Commission's order shall approve rates and charges that the Commission, based on information in the public utility's filing or on the record if a hearing is held by the Commission, finds will recover the reasonable, prudent and necessary jurisdictional power supply costs or gas supply costs incurred or to be incurred by the public utility during a 12 month period found by the Commission to be appropriate for these purposes, provided, that such period shall be either (i) a 12 month historical period occurring during the 15 months ending on the date of the public utility's filing, or (ii) a 12 month future period ending no later than 15 months following the date of the public utility's filing. The public utility shall include with its tariff filing information showing both (1) its actual jurisdictional power supply costs or gas supply costs for a 12 month historical period conforming to (i) above and (2) its projected jurisdictional power supply costs or gas supply costs for a future 12 month period conforming to (ii) above. If the Commission's order requires modifications in the tariff sheets filed by the public utility, the public utility shall have 7 days following the date of the order to notify the Commission whether the public utility will implement the modified tariffs or elect to continue its fuel or purchased gas adjustment clause in force as though no order had been entered. The Commission's order shall provide for any reconciliation of power supply costs or gas supply costs, as the case may be, and associated revenues through the date that the public utility's fuel or purchased gas adjustment clause is

eliminated. During the 5 years following the date of the Commission's order, a public utility whose fuel or purchased gas adjustment clause has been eliminated pursuant to this subsection shall not file proposed tariff sheets seeking, or otherwise petition the Commission for, reinstatement or adoption of a fuel or purchased gas adjustment clause. Nothing in this subsection (d) shall be construed as limiting the Commission's authority to eliminate a public utility's fuel adjustment clause or purchased gas adjustment clause in accordance with any other applicable provisions of this Act.

(e) Notwithstanding any contrary or inconsistent provisions in Section 9-201 of this Act, in subsection (a) of this Section, or in any rules promulgated by the Commission pursuant to subsection (g) of this Section, a public utility providing electric service to more than 1,000,000 customers in this State may, within the first 6 months after the effective date of this amendatory Act of 1997, file with the Commission proposed tariff sheets that eliminate, effective January 1, 1997, the public utility's fuel adjustment clause without adjusting its base rates, and such tariff sheets shall be effective upon filing. To the extent the application of the fuel adjustment clause had resulted in net charges to customers after January 1, 1997, the utility shall also file a tariff sheet that provides for a refund stated on a per kilowatt-hour basis of such charges over a period not to exceed 6 months; provided however, that such refund shall not include the proportional amounts of taxes paid under the Use Tax Act, Service Use Tax Act, Service Occupation Tax Act, and Retailers' Occupation Tax Act on fuel used in generation. The Commission shall issue an order within 45 days after the date of the public utility's filing approving or approving as modified such tariff sheet. If the fuel adjustment clause is eliminated pursuant to this subsection, the Commission shall not conduct the annual hearings specified in the last 3 sentences of subsection (a) of this Section for the utility for any period after December 31, 1996 and prior to any reinstatement of such clause. A public utility whose fuel adjustment clause has been eliminated pursuant to this subsection shall not file a proposed tariff sheet seeking, or otherwise petition the Commission for, reinstatement of the fuel adjustment clause prior to January 1, 2007.

(f) Notwithstanding any contrary or inconsistent provisions in Section 9-201 of this Act, in subsection (a) of this Section, or in any rules or regulations promulgated by the Commission pursuant to subsection (g) of this Section, a public utility providing electric service to more than 500,000 customers but fewer than 1,000,000 customers in this State may, within the first 6 months after the effective date of this amendatory Act of 1997, file with the Commission proposed tariff sheets that eliminate, effective January 1, 1997, the public utility's fuel adjustment clause and adjust its base rates by the amount necessary for the base fuel component of the base rates to recover 91% of the public utility's average fuel and power supply costs for the 2 most recent years for which the Commission, as of January 1, 1997, has issued final orders in annual proceedings pursuant to subsection (a), where the average fuel and power supply costs per kilowatt-hour shall be calculated as the sum of the public utility's prudent and allowable fuel and power supply costs as found by the Commission in the 2 proceedings divided by the public utility's actual jurisdictional kilowatt-hour sales for those 2 years, provided, that such tariff sheets shall be effective upon filing. To the extent the application of the fuel adjustment clause had resulted in net charges to customers after January 1, 1997, the utility shall also file a tariff sheet that provides for a refund stated on a per kilowatt-hour basis of such charges over a period not to exceed 6 months. Provided however, that such refund shall not include the proportional amounts of taxes paid under the Use Tax Act, Service Use Tax Act, Service Occupation Tax Act, and Retailers' Occupation Tax Act on fuel used in generation. The Commission shall issue an order within 45 days after the date of the public utility's filing approving or approving as modified such tariff sheet. If the fuel adjustment clause is eliminated pursuant to this subsection, the Commission shall not conduct the annual hearings specified in the last 3 sentences of subsection (a) of this Section for the utility for any period after December 31, 1996 and prior to any reinstatement of such clause. A public utility whose fuel adjustment clause has been eliminated pursuant to this subsection shall not file a proposed tariff sheet seeking, or otherwise petition the Commission for, reinstatement of the fuel adjustment clause prior to January 1, 2007.

(g) The Commission shall have authority to promulgate rules and regulations to carry out the provisions of this Section.

(h) Any gas utility may enter into a contract for up to 20 years of supply with any company for the purchase of substitute natural gas (SNG) produced from coal through the gasification process if the company has commenced construction of a coal gasification facility by July 1, 2010. The cost for the SNG is reasonable and prudent and recoverable through the purchased gas adjustment clause for years one through 10 of the contract if: (i) the only coal used in the gasification process has high volatile bituminous rank and greater than 1.7 pounds of sulfur per million Btu content; (ii) at the time the contract term commences, the price per million Btu does not exceed \$7.95 in 2008 dollars, adjusted annually based on the change in the Annual Consumer Price Index for All Urban Consumers for the Midwest Region as published in April by the United States Department of Labor, Bureau of Labor

Statistics (or a suitable Consumer Price Index calculation if this Consumer Price Index is not available) for the previous calendar year; provided that the price per million Btu shall not exceed \$8.95 at any time during the contract; (iii) the utility's aggregate long-term supply contracts for the purchase of SNG does not exceed 25% of the annual system supply requirements of the utility at the time the contract is entered into and the quantity of SNG supplied to a utility by any one producer may not exceed 20 billion cubic feet per year; and (iv) the contract is entered into within 120 days after the effective date of this amendatory Act of the 95th General Assembly and terminates no more than 20 years after the commencement of the commercial production of synthetic natural gas at the facility. Contracts greater than 10 years shall provide that if, at any time during supply years 11 through 20 of the contract, the Commission determines that the cost for the synthetic natural gas purchased under the contract during supply years 11 through 20 is not reasonable and prudent, then the company shall reimburse the utility for the difference between the cost deemed reasonable and prudent by the Commission and the cost imposed under the contract. All such contracts, regardless of duration, shall require the owner of any facility supplying SNG under the contract to provide documentation to the Commission each year, starting in the facility's third year of commercial operation, accurately reporting the quantity of carbon dioxide emissions from the facility that have been captured and sequestered and reporting any quantities of carbon dioxide released from the site or sites at which carbon dioxide emissions were sequestered in prior years, based on continuous monitoring of those sites. If, in any year, the owner of the facility fails to demonstrate that the SNG facility captured and sequestered at least 90% of the total carbon dioxide emissions that the facility would otherwise emit or that sequestration of emissions from prior years has failed, resulting in the release of carbon dioxide into the atmosphere, the owner of the facility must offset excess emissions. Any such carbon dioxide offsets must be permanent, additional, verifiable, real, located within the State of Illinois, and legally and practicably enforceable. The costs of such offsets that are not recoverable shall not exceed \$30 million in any given year. No costs of any such purchases of carbon offsets may be recovered from a utility or its customers. All carbon offsets purchased for this purpose must be permanently retired. In addition, 50% of the carbon dioxide emission credits associated with the required sequestration of carbon dioxide from the facility must be permanently retired. An SNG facility operating pursuant to this subsection (h) shall not forfeit its designation as a clean coal SNG facility if the facility fails to fully comply with the applicable carbon sequestration requirements in any given year, provided the requisite offsets are purchased. However, the Attorney General, on behalf of the People of the State of Illinois, may specifically enforce the facility's sequestration requirements. Any gas utility may enter into a 20-year supply contract with any company for synthetic natural gas produced from coal through the gasification process if the company has commenced construction of a coal gasification facility by July 1, 2008. The cost for the synthetic natural gas is reasonable and prudent and recoverable through the purchased gas adjustment clause for years one through 10 of the contract if: (i) the only coal used in the gasification process has high volatile bituminous rank and greater than 1.7 pounds of sulfur per million Btu content; (ii) at the time the contract term commences, the price per million Btu does not exceed \$5 in 2004 dollars, adjusted annually based on the change in the Annual Consumer Price Index for All Urban Consumers for the Midwest Region as published in April by the United States Department of Labor, Bureau of Labor Statistics (or a suitable Consumer Price Index calculation if this Consumer Price Index is not available) for the previous calendar year; provided that the price per million Btu shall not exceed \$5.50 at any time during the contract; (iii) the utility's aggregate long-term supply contracts for the purchase of synthetic natural gas produced from coal through the gasification process does not exceed 25% of the annual system supply requirements of the utility at the time the contract is entered into; and (iv) the contract is entered into within one year after the effective date of this amendatory Act of the 94th General Assembly and terminates 20 years after the commencement of the production of synthetic natural gas. The contract shall provide that if, at any time during years 11 through 20 of the contract, the Commission determines that the cost for the synthetic natural gas under the contract is not reasonable and prudent, then the company shall reimburse the utility for the difference between the cost deemed reasonable and prudent by the Commission and the cost imposed under the contract.

(i) If a gas utility or an affiliate of a gas utility has an ownership interest in any entity that produces or sells synthetic natural gas, Article VII of this Act shall apply.

(Source: P.A. 94-63, eff. 6-21-05.)

(220 ILCS 5/16-101A)

Sec. 16-101A. Legislative findings.

(a) The citizens and businesses of the State of Illinois have been well-served by a comprehensive electrical utility system which has provided safe, reliable, and affordable service. The electrical utility system in the State of Illinois has historically been subject to State and federal regulation, aimed at

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assuring the citizens and businesses of the State of safe, reliable, and affordable service, while at the same time assuring the utility system of a return on its investment.

(b) Competitive forces are affecting the market for electricity as a result of recent federal regulatory and statutory changes and the activities of other states. Competition in the electric services market may create opportunities for new products and services for customers and lower costs for users of electricity. Long-standing regulatory relationships need to be altered to accommodate the competition that could fundamentally alter the structure of the electric services market.

(c) With the advent of increasing competition in this industry, the State has a continued interest in assuring that the safety, reliability, and affordability of electrical power is not sacrificed to competitive pressures, and to that end, intends to implement safeguards to assure that the industry continues to operate the electrical system in a manner that will serve the public's interest. Under the existing regulatory framework, the industry has been encouraged to undertake certain investments in its physical plant and personnel to enhance its efficient operation, the cost of which it has been permitted to pass on to consumers. The State has an interest in providing the existing utilities a reasonable opportunity to obtain a return on certain investments on which they depended in undertaking those commitments in the first instance while, at the same time, not permitting new entrants into the industry to take unreasonable advantage of the investments made by the formerly regulated industry.

(d) A competitive wholesale and retail market must benefit all Illinois citizens. The Illinois Commerce Commission should act to promote the development of an effectively competitive electricity market that operates efficiently and is equitable to all consumers. Consumer protections must be in place to ensure that all customers continue to receive safe, reliable, affordable, and environmentally safe electric service.

(e) All consumers must benefit in an equitable and timely fashion from the lower costs for electricity that result from retail and wholesale competition and receive sufficient information to make informed choices among suppliers and services. The use of renewable resources and energy efficiency resources should be encouraged in competitive markets.

(f) The efficiency of electric markets depends both upon the competitiveness of supply and upon the price-responsiveness of the demand for service. Therefore, to ensure the lowest total cost of service and to enhance the reliability of service, all classes of the electricity customers of electric utilities should have access to and be able to voluntarily use real-time pricing and other price-response and demand-response mechanisms.

(g) Including cost-effective renewable resources in a diverse electricity supply portfolio will reduce long-term direct and indirect costs to consumers by decreasing environmental impacts and by avoiding or delaying the need for new generation, transmission, and distribution infrastructure. It serves the public interest to allow electric utilities to recover costs for reasonably and prudently incurred expenses for electricity generated by renewable resources.

(h) Including electricity generated by clean coal facilities, as defined under Section 1-10 of the Illinois Power Agency Act, in a diverse electricity procurement portfolio will reduce the need to purchase, directly or indirectly, carbon dioxide emission credits and will decrease environmental impacts. It serves the public interest to allow electric utilities to recover costs for reasonably and prudently incurred expenses for electricity generated by clean coal facilities.

(Source: P.A. 94-977, eff. 6-30-06; 95-481, eff. 8-28-07.)

(220 ILCS 5/16-115)

Sec. 16-115. Certification of alternative retail electric suppliers.

(a) Any alternative retail electric supplier must obtain a certificate of service authority from the Commission in accordance with this Section before serving any retail customer or other user located in this State. An alternative retail electric supplier may request, and the Commission may grant, a certificate of service authority for the entire State or for a specified geographic area of the State.

(b) An alternative retail electric supplier seeking a certificate of service authority shall file with the Commission a verified application containing information showing that the applicant meets the requirements of this Section. The alternative retail electric supplier shall publish notice of its application in the official State newspaper within 10 days following the date of its filing. No later than 45 days after the application is properly filed with the Commission, and such notice is published, the Commission shall issue its order granting or denying the application.

(c) An application for a certificate of service authority shall identify the area or areas in which the applicant intends to offer service and the types of services it intends to offer. Applicants that seek to serve residential or small commercial retail customers within a geographic area that is smaller than an electric utility's service area shall submit evidence demonstrating that the designation of this smaller area does not violate Section 16-115A. An applicant that seeks to serve residential or small commercial retail customers may state in its application for certification any limitations that will be imposed on the

number of customers or maximum load to be served.

(d) The Commission shall grant the application for a certificate of service authority if it makes the findings set forth in this subsection based on the verified application and such other information as the applicant may submit:

(1) That the applicant possesses sufficient technical, financial and managerial resources and abilities to provide the service for which it seeks a certificate of service authority. In determining the level of technical, financial and managerial resources and abilities which the applicant must demonstrate, the Commission shall consider (i) the characteristics, including the size and financial sophistication, of the customers that the applicant seeks to serve, and (ii) whether the applicant seeks to provide electric power and energy using property, plant and equipment which it owns, controls or operates;

(2) That the applicant will comply with all applicable federal, State, regional and industry rules, policies, practices and procedures for the use, operation, and maintenance of the safety, integrity and reliability, of the interconnected electric transmission system;

(3) That the applicant will only provide service to retail customers in an electric utility's service area that are eligible to take delivery services under this Act;

(4) That the applicant will comply with such informational or reporting requirements as the Commission may by rule establish and provide the information required by Section 16-112. Any data related to contracts for the purchase and sale of electric power and energy shall be made available for review by the Staff of the Commission on a confidential and proprietary basis and only to the extent and for the purposes which the Commission determines are reasonably necessary in order to carry out the purposes of this Act;

(5) That the applicant will supply electricity generated by renewable energy resources and clean coal facilities, as defined in Section 1-10 of the Illinois Power Agency Act, to all of the applicant's Illinois customers in amounts at least equal to the percentages set forth in subsections (c) and (d) of Section 1-72 of the Illinois Power Agency Act. For purposes of this Section:

(i) The required procurement of electricity generated by renewable energy resources and clean coal facilities shall be measured as a percentage of the actual amount of electricity (megawatt-hours) supplied by the alternative retail electric supplier in the prior calendar year, as reported for that year to the Commission. This purchase obligation applies to all electricity sold pursuant to retail contracts executed, extended, or otherwise revised after the effective date of this amendatory Act, provided the alternative retail electric supplier submits all documentation needed by the Commission to determine the actual amount of electricity supplied under contracts that may be excluded under this limitation.

(ii) An alternative retail electric supplier need not actually deliver electricity purchased to comply with this Section to its customers, provided that if the alternative retail electric supplier claims credit for such purpose, subsequent purchasers shall not receive any emission credits or renewable energy credits in connection with the purchase of such electricity. Alternative retail electric suppliers shall maintain adequate records documenting the contractual disposition of all electricity purchased to comply with this Section and shall file an accounting in the report which must be filed with the Commission on August 1 of each year, starting in 2009, in accordance with subsection (e) of this Section.

(iii) The required procurement of electricity generated by renewable resources and clean coal facilities, other than the initial clean coal facility, shall be limited to the amount of electricity that can be purchased at a price at or below the benchmarks approved by the Commission each year in accordance with item (1) of subsection (c) and items (1) and (5) of subsection (d) of Section 1-75 of the Illinois Power Agency Act.

(iv) all alternative retail electric suppliers shall execute a power purchase agreement to purchase electricity from the initial clean coal facility, on the terms set forth in items (3) and (4) of subsection (d) of Section 1-75 of the Illinois Power Agency Act, except that in lieu of the requirements in items (3)(vi), (xiii), and (xiv) of that subsection (d), the applicant shall contract to purchase in each hour an amount of electricity equal to all clean coal energy made available from the initial clean coal facility to all alternative retail electric suppliers, multiplied by a fraction, the numerator of which is the alternative electricity retail electric supplier's Illinois market share, expressed in kilowatt-hours sold during the prior month and the denominator of which is the total market shares during the prior month of all alternative retail electric suppliers that are party to power purchase agreements with the initial clean coal facility.

(v) if, in any year after the third year of commercial operation, the owner of the clean coal facility fails to demonstrate to the Commission that the initial clean coal facility captured and sequestered at least 50% of the total carbon emissions that the facility would otherwise emit or that sequestration of emissions from prior years has failed, resulting in the release of carbon into the atmosphere, the owner of the facility must offset excess emissions. Any such carbon offsets must be permanent, additional,

verifiable, real, located within the State of Illinois, and legally and practicably enforceable. The costs of any such offsets that are not recoverable shall not exceed \$15 million in any given year. No costs of any such purchases of carbon offsets may be recovered from an alternative retail electric supplier or its customers. All carbon offsets purchased for this purpose and any carbon emission credits associated with sequestration of carbon from the facility must be permanently retired. The initial clean coal facility shall not forfeit its designation as a clean coal facility if the facility fails to fully comply with the applicable carbon sequestration requirements in any given year, provided the requisite offsets are purchased. However, the Attorney General, on behalf of the People of the State of Illinois, may specifically enforce the facility's sequestration requirement and the other terms of this contract provision (Blank);

(6) With respect to an applicant that seeks to serve residential or small commercial retail customers, that the area to be served by the applicant and any limitations it proposes on the number of customers or maximum amount of load to be served meet the provisions of Section 16-115A, provided, that the Commission can extend the time for considering such a certificate request by up to 90 days, and can schedule hearings on such a request;

(7) That the applicant meets the requirements of subsection (a) of Section 16-128; and

(8) That the applicant will comply with all other applicable laws and regulations.

(d-5) The Commission shall revoke the certification of any alternative retail electric supplier that fails to execute a power purchase agreement to purchase electricity from the initial clean coal facility, as required by item (5) of subsection (d) of this Section, within 60 days after the later of the effective date of this amendatory Act or approval of the agreement by the Federal Energy Regulatory Commission, and that, on August 1, 2009 and each year thereafter, fails to demonstrate that the electricity provided to the alternative retail electricity supplier's Illinois customers during the previous year was generated by renewable energy resources and clean coal facilities in amounts at least equal to the percentages set forth in subsections (c) and (d) of Section 1-75 of the Illinois Power Agency Act, as limited by subsection (d)(5)(iii) of this Section. The Commission shall not accept an application for certification from an alternative retail electric supplier that has lost certification under this subsection (d-5), or any corporate affiliate thereof, for at least one year from the date of revocation.

(e) A retail customer that owns a cogeneration or self-generation facility and that seeks certification only to provide electric power and energy from such facility to retail customers at separate locations which customers are both (i) owned by, or a subsidiary or other corporate affiliate of, such applicant and (ii) eligible for delivery services, shall be granted a certificate of service authority upon filing an application and notifying the Commission that it has entered into an agreement with the relevant electric utilities pursuant to Section 16-118. Provided, however, that if the retail customer owning such cogeneration or self-generation facility would not be charged a transition charge due to the exemption provided under subsection (f) of Section 16-108 prior to the certification, and the retail customers at separate locations are taking delivery services in conjunction with purchasing power and energy from the facility, the retail customer on whose premises the facility is located shall not thereafter be required to pay transition charges on the power and energy that such retail customer takes from the facility.

(f) The Commission shall have the authority to promulgate rules and regulations to carry out the provisions of this Section. On or before May 1, 1999, the Commission shall adopt a rule or rules applicable to the certification of those alternative retail electric suppliers that seek to serve only nonresidential retail customers with maximum electrical demands of one megawatt or more which shall provide for (i) expedited and streamlined procedures for certification of such alternative retail electric suppliers and (ii) specific criteria which, if met by any such alternative retail electric supplier, shall constitute the demonstration of technical, financial and managerial resources and abilities to provide service required by subsection (d) (1) of this Section, such as a requirement to post a bond or letter of credit, from a responsible surety or financial institution, of sufficient size for the nature and scope of the services to be provided; demonstration of adequate insurance for the scope and nature of the services to be provided; and experience in providing similar services in other jurisdictions.

(Source: P.A. 95-130, eff. 1-1-08.)

ARTICLE 5

Section 5-5. The Public Utilities Act is amended by changing Section 2-203 as follows:

(220 ILCS 5/2-203)

(Section scheduled to be repealed on January 1, 2009)

Sec. 2-203. Public Utility Fund base maintenance contribution. ~~Each For each of the years 2003 through 2008, each~~ electric utility as defined in Section 16-102 of this Act providing service to more than 12,500 customers in this State on January 1, 1995 shall contribute annually a pro rata share of a

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total amount of \$5,500,000 based upon the number of kilowatt-hours delivered to retail customers within this State by each such electric utility in the 12 months preceding the year of contribution. On or before May 1 of each year, the Illinois Commerce Commission shall determine and notify the Illinois Department of Revenue of the pro rata share owed by each electric utility based upon information supplied annually to the Commission. On or before June 1 of each year, the Department of Revenue shall send written notification to each electric utility of the amount of pro rata share they owe. These contributions shall be remitted to the Department of Revenue no earlier than July 1 and no later than July 31 of each year the contribution is due on a return prescribed and furnished by the Department of Revenue showing such information as the Department of Revenue may reasonably require. The Department of Revenue shall place the funds remitted under this Section in the Public Utility Fund in the State treasury. The funds received pursuant to this Section shall be subject to appropriation by the General Assembly. If an electric utility does not remit its pro rata share to the Department of Revenue, the Department of Revenue must inform the Illinois Commerce Commission of such failure. The Illinois Commerce Commission may then revoke the certification of that electric utility. This Section is repealed on January 1, 2014 2009.

(Source: P.A. 92-600, eff. 6-28-02.)

ARTICLE 10.

Section 10-5. The Public Utilities Act is amended by changing Section 16-125 as follows:
(220 ILCS 5/16-125)

Sec. 16-125. Transmission and distribution reliability requirements.

(a) To assure the reliable delivery of electricity to all customers in this State and the effective implementation of the provisions of this Article, the Commission shall, within 180 days of the effective date of this Article, adopt rules and regulations for assessing and assuring the reliability of the transmission and distribution systems and facilities that are under the Commission's jurisdiction.

(b) These rules and regulations shall require each electric utility or alternative retail electric supplier owning, controlling, or operating transmission and distribution facilities and equipment subject to the Commission's jurisdiction, referred to in this Section as "jurisdictional entities", to adopt and implement procedures for restoring transmission and distribution services to customers after transmission or distribution outages on a nondiscriminatory basis without regard to whether a customer has chosen the electric utility, an affiliate of the electric utility, or another entity as its provider of electric power and energy. These rules and regulations shall also, at a minimum, specifically require each jurisdictional entity to submit annually to the Commission.

(1) the number and duration of planned and unplanned outages during the prior year and their impacts on customers;

(2) outages that were controllable and outages that were exacerbated in scope or duration by the condition of facilities, equipment or premises or by the actions or inactions of operating personnel or agents;

(3) customer service interruptions that were due solely to the actions or inactions of an alternative retail electric supplier or a public utility in supplying power or energy;

(4) a detailed report of the age, current condition, reliability and performance of the jurisdictional entity's existing transmission and distribution facilities, which shall include, without limitation, the following data:

(i) a summary of the jurisdictional entity's outages and voltage variances reportable under the Commission's rules;

(ii) the jurisdictional entity's expenditures for transmission construction and maintenance, the ratio of those expenditures to the jurisdictional entity's transmission investment, and the average remaining depreciation lives of the entity's transmission facilities, expressed as a percentage of total depreciation lives;

(iii) the jurisdictional entity's expenditures for distribution construction and maintenance, the ratio of those expenditures to the jurisdictional entity's distribution investment, and the average remaining depreciation lives of the entity's distribution facilities, expressed as a percentage of total depreciation lives;

(iv) a customer satisfaction survey covering, among other areas identified in Commission rules, reliability, customer service, and understandability of the jurisdictional entity's services and prices; and

(v) the corresponding information, in the same format, for the previous 3 years, if available;

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(5) a plan for future investment and reliability improvements for the jurisdictional entity's transmission and distribution facilities that will ensure continued reliable delivery of energy to customers and provide the delivery reliability needed for fair and open competition; and

(6) a report of the jurisdictional entity's implementation of its plan filed pursuant to subparagraph (5) for the previous reporting period.

(c) The Commission rules shall set forth the criteria that will be used to assess each jurisdictional entity's annual report and evaluate its reliability performance. Such criteria must take into account, at a minimum: the items required to be reported in subsection (b); the relevant characteristics of the area served; the age and condition of the system's equipment and facilities; good engineering practices; the costs of potential actions; and the benefits of avoiding the risks of service disruption.

(d) At least every 3 years, beginning in the year the Commission issues the rules required by subsection (a) or the following year if the rules are issued after June 1, the Commission shall assess the annual report of each jurisdictional entity and evaluate its reliability performance. The Commission's evaluation shall include specific identification of, and recommendations concerning, any potential reliability problems that it has identified as a result of its evaluation.

(e) In the event that more than either (i) 30,000 (or some other number, but only as provided by statute) of the total customers or (ii) 0.8% (or some other percentage, but only as provided by statute) of the total customers, whichever is less, of an electric utility are subjected to a continuous power interruption of 4 hours or more that results in the transmission of power at less than 50% of the standard voltage, or that results in the total loss of power transmission, the utility shall be responsible for compensating customers affected by that interruption for 4 hours or more for all actual damages, which shall not include consequential damages, suffered as a result of the power interruption. The utility shall also reimburse the affected municipality, county, or other unit of local government in which the power interruption has taken place for all emergency and contingency expenses incurred by the unit of local government as a result of the interruption. A waiver of the requirements of this subsection may be granted by the Commission in instances in which the utility can show that the power interruption was a result of any one or more of the following causes:

- (1) Unpreventable damage due to weather events or conditions.
- (2) Customer tampering.
- (3) Unpreventable damage due to civil or international unrest or animals.
- (4) Damage to utility equipment or other actions by a party other than the utility, its employees, agents, or contractors.

Loss of revenue and expenses incurred in complying with this subsection may not be recovered from ratepayers.

(f) In the event of a power surge or other fluctuation that causes damage and affects more than either (i) 30,000 (or some other number, but only as provided by statute) of the total customers or (ii) 0.8% (or some other percentage, but only as provided by statute) of the total customers, whichever is less, the electric utility shall pay to affected customers the replacement value of all goods damaged as a result of the power surge or other fluctuation unless the utility can show that the power surge or other fluctuation was due to one or more of the following causes:

- (1) Unpreventable damage due to weather events or conditions.
- (2) Customer tampering.
- (3) Unpreventable damage due to civil or international unrest or animals.
- (4) Damage to utility equipment or other actions by a party other than the utility, its employees, agents, or contractors.

Loss of revenue and expenses incurred in complying with this subsection may not be recovered from ratepayers. Customers with respect to whom a waiver has been granted by the Commission pursuant to subparagraphs (1)-(4) of subsections (e) and (f) shall not count toward the either (i) 30,000 (or some other number, but only as provided by statute) of the total customers or (ii) 0.8% (or some other percentage, but only as provided by statute) of the total customers required therein.

(g) Whenever an electric utility must perform planned or routine maintenance or repairs on its equipment that will result in transmission of power at less than 50% of the standard voltage, loss of power, or power fluctuation (as defined in subsection (f)), the utility shall make reasonable efforts to notify potentially affected customers no less than 24 hours in advance of performance of the repairs or maintenance.

(h) Remedies provided for under this Section may be sought exclusively through the Illinois Commerce Commission as provided under Section 10-109 of this Act. Damages awarded under this Section for a power interruption shall be limited to actual damages, which shall not include consequential damages, and litigation costs. A utility's request for a waiver of this Section shall be timely

if filed no later than 30 days after the date on which a claim is filed with the Commission seeking damages or expense reimbursement under this Section. No utility shall be liable under this Section while a request for waiver is pending. Damage awards may not be paid out of utility rate funds.

(i) The provisions of this Section shall not in any way diminish or replace other civil or administrative remedies available to a customer or a class of customers.

(j) The Commission shall by rule require an electric utility to maintain service records detailing information on each instance of transmission of power at less than 50% of the standard voltage, loss of power, or power fluctuation (as defined in subsection (f)), that affects 10 or more customers. Occurrences that are momentary shall not be required to be recorded or reported. The service record shall include, for each occurrence, the following information:

- (1) The date.
- (2) The time of occurrence.
- (3) The duration of the incident.
- (4) The number of customers affected.
- (5) A description of the cause.
- (6) The geographic area affected.
- (7) The specific equipment involved in the fluctuation or interruption.
- (8) A description of measures taken to restore service.
- (9) A description of measures taken to remedy the cause of the power interruption or fluctuation.
- (10) A description of measures taken to prevent future occurrence.
- (11) The amount of remuneration, if any, paid to affected customers.
- (12) A statement of whether the fixed charge was waived for affected customers.

Copies of the records containing this information shall be available for public inspection at the utility's offices, and copies thereof may be obtained upon payment of a fee not exceeding the reasonable cost of reproduction. A copy of each record shall be filed with the Commission and shall be available for public inspection. Copies of the records may be obtained upon payment of a fee not exceeding the reasonable cost of reproduction.

(k) The requirements of subsections (e) through (j) of this Section shall apply only to an electric public utility having ~~100,000~~ ~~1,000,000~~ or more customers.

(Source: P.A. 90-561, eff. 12-16-97.)

ARTICLE 15

Section 15-5. The Public Utilities Act is amended by changing Section 2-202 as follows:

(220 ILCS 5/2-202) (from Ch. 111 2/3, par. 2-202)

Sec. 2-202. Policy; Public Utility Fund; tax.

(a) It is declared to be the public policy of this State that in order to maintain and foster the effective regulation of public utilities under this Act in the interests of the People of the State of Illinois and the public utilities as well, the public utilities subject to regulation under this Act and which enjoy the privilege of operating as public utilities in this State, shall bear the expense of administering this Act by means of a tax on such privilege measured by the annual gross revenue of such public utilities in the manner provided in this Section. For purposes of this Section, "expense of administering this Act" includes any costs incident to studies, whether made by the Commission or under contract entered into by the Commission, concerning environmental pollution problems caused or contributed to by public utilities and the means for eliminating or abating those problems. Such proceeds shall be deposited in the Public Utility Fund in the State treasury.

(b) All of the ordinary and contingent expenses of the Commission incident to the administration of this Act shall be paid out of the Public Utility Fund except the compensation of the members of the Commission which shall be paid from the General Revenue Fund. Notwithstanding other provisions of this Act to the contrary, the ordinary and contingent expenses of the Commission incident to the administration of the Illinois Commercial Transportation Law may be paid from appropriations from the Public Utility Fund through the end of fiscal year 1986.

(c) A tax is imposed upon each public utility subject to the provisions of this Act equal to .08% of its gross revenue for each calendar year commencing with the calendar year beginning January 1, 1982, except that the Commission may, by rule, establish a different rate no greater than 0.1%. For purposes of this Section, "gross revenue" shall not include revenue from the production, transmission, distribution, sale, delivery, or furnishing of electricity. "Gross revenue" shall not include amounts paid by telecommunications retailers under the Telecommunications Infrastructure Maintenance Fee Act.

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(d) Annual gross revenue returns shall be filed in accordance with paragraph (1) or (2) of this subsection (d).

(1) Except as provided in paragraph (2) of this subsection (d), on or before January 10 of each year each public utility subject to the provisions of this Act shall file with the Commission an estimated annual gross revenue return containing an estimate of the amount of its gross revenue for the calendar year commencing January 1 of said year and a statement of the amount of tax due for said calendar year on the basis of that estimate. Public utilities may also file revised returns containing updated estimates and updated amounts of tax due during the calendar year. These revised returns, if filed, shall form the basis for quarterly payments due during the remainder of the calendar year. In addition, on or before March 31 of each year, each public utility shall file an amended return showing the actual amount of gross revenues shown by the company's books and records as of December 31 of the previous year. Forms and instructions for such estimated, revised, and amended returns shall be devised and supplied by the Commission.

(2) Beginning with returns due after January 1, 2002, the requirements of paragraph (1) of this subsection (d) shall not apply to any public utility in any calendar year for which the total tax the public utility owes under this Section is less than \$10,000. For such public utilities with respect to such years, the public utility shall file with the Commission, on or before March 31 of the following year, an annual gross revenue return for the year and a statement of the amount of tax due for that year on the basis of such a return. Forms and instructions for such returns and corrected returns shall be devised and supplied by the Commission.

(e) All returns submitted to the Commission by a public utility as provided in this subsection (e) or subsection (d) of this Section shall contain or be verified by a written declaration by an appropriate officer of the public utility that the return is made under the penalties of perjury. The Commission may audit each such return submitted and may, under the provisions of Section 5-101 of this Act, take such measures as are necessary to ascertain the correctness of the returns submitted. The Commission has the power to direct the filing of a corrected return by any utility which has filed an incorrect return and to direct the filing of a return by any utility which has failed to submit a return. A taxpayer's signing a fraudulent return under this Section is perjury, as defined in Section 32-2 of the Criminal Code of 1961.

(f) (1) For all public utilities subject to paragraph (1) of subsection (d), at least one quarter of the annual amount of tax due under subsection (c) shall be paid to the Commission on or before the tenth day of January, April, July, and October of the calendar year subject to tax. In the event that an adjustment in the amount of tax due should be necessary as a result of the filing of an amended or corrected return under subsection (d) or subsection (e) of this Section, the amount of any deficiency shall be paid by the public utility together with the amended or corrected return and the amount of any excess shall, after the filing of a claim for credit by the public utility, be returned to the public utility in the form of a credit memorandum in the amount of such excess or be refunded to the public utility in accordance with the provisions of subsection (k) of this Section. However, if such deficiency or excess is less than \$1, then the public utility need not pay the deficiency and may not claim a credit.

(2) Any public utility subject to paragraph (2) of subsection (d) shall pay the amount of tax due under subsection (c) on or before March 31 next following the end of the calendar year subject to tax. In the event that an adjustment in the amount of tax due should be necessary as a result of the filing of a corrected return under subsection (e), the amount of any deficiency shall be paid by the public utility at the time the corrected return is filed. Any excess tax payment by the public utility shall be returned to it after the filing of a claim for credit, in the form of a credit memorandum in the amount of the excess. However, if such deficiency or excess is less than \$1, the public utility need not pay the deficiency and may not claim a credit.

(g) Each installment or required payment of the tax imposed by subsection (c) becomes delinquent at midnight of the date that it is due. Failure to make a payment as required by this Section shall result in the imposition of a late payment penalty, an underestimation penalty, or both, as provided by this subsection. The late payment penalty shall be the greater of:

(1) \$25 for each month or portion of a month that the installment or required payment is unpaid or

(2) an amount equal to the difference between what should have been paid on the due date, based upon the most recently filed estimated, annual, or amended return, and what was actually paid, times 1%, for each month or portion of a month that the installment or required payment goes unpaid. This penalty may be assessed as soon as the installment or required payment becomes delinquent.

The underestimation penalty shall apply to those public utilities subject to paragraph (1) of subsection (d) and shall be calculated after the filing of the amended return. It shall be imposed if the amount

actually paid on any of the dates specified in subsection (f) is not equal to at least one-fourth of the amount actually due for the year, and shall equal the greater of:

(1) \$25 for each month or portion of a month that the amount due is unpaid or

(2) an amount equal to the difference between what should have been paid, based on the amended return, and what was actually paid as of the date specified in subsection (f), times a percentage equal to 1/12 of the sum of 10% and the percentage most recently established by the Commission for interest to be paid on customer deposits under 83 Ill. Adm. Code 280.70(e)(1), for each month or portion of a month that the amount due goes unpaid, except that no underestimation penalty shall be assessed if the amount actually paid on or before each of the dates specified in subsection (f) was based on an estimate of gross revenues at least equal to the actual gross revenues for the previous year. The Commission may enforce the collection of any delinquent installment or payment, or portion thereof by legal action or in any other manner by which the collection of debts due the State of Illinois may be enforced under the laws of this State. The executive director or his designee may excuse the payment of an assessed penalty or a portion of an assessed penalty if he determines that enforced collection of the penalty as assessed would be unjust.

(h) All sums collected by the Commission under the provisions of this Section shall be paid promptly after the receipt of the same, accompanied by a detailed statement thereof, into the Public Utility Fund in the State treasury.

(i) During the month of October of each odd-numbered year the Commission shall:

(1) determine the amount of all moneys deposited in the Public Utility Fund during the preceding fiscal biennium plus the balance, if any, in that fund at the beginning of that biennium;

(2) determine the sum total of the following items: (A) all moneys expended or obligated against appropriations made from the Public Utility Fund during the preceding fiscal biennium, plus (B) the sum of the credit memoranda then outstanding against the Public Utility Fund, if any; and

(3) determine the amount, if any, by which the sum determined as provided in item (1) exceeds the amount determined as provided in item (2).

If the amount determined as provided in item (3) of this subsection exceeds 50% of the previous fiscal year's appropriation level \$5,000,000, the Commission shall then compute the proportionate amount, if any, which (x) the tax paid hereunder by each utility during the preceding biennium, and (y) the amount paid into the Public Utility Fund during the preceding biennium by the Department of Revenue pursuant to Sections 2-9 and 2-11 of the Electricity Excise Tax Law, bears to the difference between the amount determined as provided in item (3) of this subsection (i) and 50% of the previous fiscal year's appropriation level \$5,000,000. The Commission shall cause the proportionate amount determined with respect to payments made under the Electricity Excise Tax Law to be transferred into the General Revenue Fund in the State Treasury, and notify each public utility that it may file during the 3 month period after the date of notification a claim for credit for the proportionate amount determined with respect to payments made hereunder by the public utility. If the proportionate amount is less than \$10, no notification will be sent by the Commission, and no right to a claim exists as to that amount. Upon the filing of a claim for credit within the period provided, the Commission shall issue a credit memorandum in such amount to such public utility. Any claim for credit filed after the period provided for in this Section is void.

(j) Credit memoranda issued pursuant to subsection (f) and credit memoranda issued after notification and filing pursuant to subsection (i) may be applied for the 2 year period from the date of issuance, against the payment of any amount due during that period under the tax imposed by subsection (c), or, subject to reasonable rule of the Commission including requirement of notification, may be assigned to any other public utility subject to regulation under this Act. Any application of credit memoranda after the period provided for in this Section is void.

(k) The chairman or executive director may make refund of fees, taxes or other charges whenever he shall determine that the person or public utility will not be liable for payment of such fees, taxes or charges during the next 24 months and he determines that the issuance of a credit memorandum would be unjust.

(Source: P.A. 92-11, eff. 6-11-01; 92-22, eff. 6-30-01; 92-526, eff. 1-1-03.)

Section 15-10. The Illinois Vehicle Code is amended by changing Section 18c-1503 as follows:
(625 ILCS 5/18c-1503) (from Ch. 95 1/2, par. 18c-1503)

Sec. 18c-1503. Legislative Intent. It is the intent of the Legislature that the exercise of powers under Sections 18c-1501 and 18c-1502 of this Chapter shall not diminish revenues to the Commission, and that any surplus or deficit of revenues in the Transportation Regulatory Fund, together with any projected

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changes in the cost of administering and enforcing this Chapter, should be considered in establishing or adjusting fees and taxes in succeeding years. The Commission shall administer fees and taxes under this Chapter in such a manner as to insure that any surplus generated or accumulated in the Transportation Regulatory Fund does not exceed 50% of the previous fiscal year's appropriation ~~the surplus accumulated in the Motor Vehicle Fund during fiscal year 1984~~, and shall adjust the level of such fees and taxes to insure compliance with this provision.

(Source: P.A. 84-796.)

ARTICLE 99

Section 99-97. Severability. The provisions of this Act are severable under Section 1.31 of the Statute on Statutes.

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

AMENDMENT NO. 4 TO SENATE BILL 1987

AMENDMENT NO. 4. Amend Senate Bill 1987, AS AMENDED, by replacing everything after the enacting clause with the following:

"ARTICLE 1

Section 1-1. Short title. This Article may be cited as the Clean Coal Portfolio Standard Law.

Section 1-5. The Illinois Power Agency Act is amended by changing Sections 1-5, 1-10, 1-75, and 1-80 as follows:

(20 ILCS 3855/1-5)

Sec. 1-5. Legislative declarations and findings. The General Assembly finds and declares:

(1) The health, welfare, and prosperity of all Illinois citizens require the provision of adequate, reliable, affordable, efficient, and environmentally sustainable electric service at the lowest total cost over time, taking into account any benefits of price stability.

(2) The transition to retail competition is not complete. Some customers, especially residential and small commercial customers, have failed to benefit from lower electricity costs from retail and wholesale competition.

(3) Escalating prices for electricity in Illinois pose a serious threat to the economic well-being, health, and safety of the residents of and the commerce and industry of the State.

(4) To protect against this threat to economic well-being, health, and safety it is necessary to improve the process of procuring electricity to serve Illinois residents, to promote investment in energy efficiency and demand-response measures, and to support development of clean coal technologies and renewable resources.

(5) Procuring a diverse electricity supply portfolio will ensure the lowest total cost over time for adequate, reliable, efficient, and environmentally sustainable electric service.

(6) Including cost-effective renewable resources in that portfolio will reduce long-term direct and indirect costs to consumers by decreasing environmental impacts and by avoiding or delaying the need for new generation, transmission, and distribution infrastructure.

(7) Energy efficiency, demand-response measures, and renewable energy are resources currently underused in Illinois.

(8) The State should encourage the use of advanced clean coal technologies that capture and sequester carbon dioxide emissions to advance environmental protection goals and to demonstrate the viability of coal and coal-derived fuels in a carbon-constrained economy.

The General Assembly therefore finds that it is necessary to create the Illinois Power Agency and that the goals and objectives of that Agency are to accomplish each of the following:

(A) 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 plan shall be updated on an annual basis and shall include renewable energy resources sufficient to achieve the standards specified in this Act.

(B) Conduct competitive procurement processes to procure the supply resources identified in the procurement plan.

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(C) 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.

(D) 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.

(Source: P.A. 95-481, eff. 8-28-07.)

(20 ILCS 3855/1-10)

Sec. 1-10. Definitions.

"Agency" means the Illinois Power Agency.

"Agency loan agreement" means any agreement pursuant to which the Illinois Finance Authority agrees to loan the proceeds of revenue bonds issued with respect to a project to the Agency upon terms providing for loan repayment installments at least sufficient to pay when due all principal of, interest and premium, if any, on those revenue bonds, and providing for maintenance, insurance, and other matters in respect of the project.

"Authority" means the Illinois Finance Authority.

"Clean coal facility" means an electric generating facility that uses primarily coal as a feedstock and that captures and sequesters carbon emissions at the following levels: at least 50% of the total carbon emissions that the facility would otherwise emit if, at the time construction 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 the effective date of 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 coal as a feedstock, with all such coal having a high bituminous rank and greater than 1.7 pounds of sulfur per million btu content.

"Commission" means the Illinois Commerce Commission.

"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 construction of a specific project and placing that project in operation.

"Department" means the Department of Commerce and Economic Opportunity.

"Director" means the Director of the Illinois Power Agency.

"Demand-response" means measures that decrease peak electricity demand or shift demand from peak to off-peak 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 Section 16-102 of the Public Utilities Act.

"Facility" means an electric generating unit or a co-generating unit that produces electricity along with related equipment necessary to connect the facility to an electric transmission or distribution system.

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"Governmental aggregator" means one or more units of local government that individually or collectively procure electricity to serve residential retail electrical loads located within its or their jurisdiction.

"Local government" means a unit of local government as defined in Article VII of Section 1 of the Illinois Constitution.

"Municipality" means a city, village, or incorporated town.

"Person" means any natural person, firm, partnership, corporation, either domestic or foreign, company, association, limited liability company, joint stock company, or association and includes any trustee, receiver, assignee, or personal representative thereof.

"Project" means the planning, bidding, and construction of a facility.

"Public utility" has the same definition as found in Section 3-105 of the Public Utilities Act.

"Real property" means any interest in land together with all structures, fixtures, and improvements thereon, including lands under water and riparian rights, any easements, 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.

"Renewable energy credit" means a tradable credit that represents the environmental attributes of a certain amount of energy produced from a renewable energy resource.

"Renewable energy resources" includes energy and its associated renewable energy credit or renewable energy credits from wind, solar thermal energy, photovoltaic cells and panels, biodiesel, crops and untreated and unadulterated organic waste biomass, trees and tree trimmings, hydropower that does not involve new construction or significant expansion of 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, burning, or heating 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, and 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.

"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.

"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 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 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.)

(20 ILCS 3855/1-75)

Sec. 1-75. Planning and Procurement Bureau. The Planning and Procurement Bureau has the following duties and responsibilities:

(a) The Planning and Procurement Bureau shall each year, beginning in 2008, develop procurement plans and conduct competitive procurement processes in accordance with the

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requirements of Section 16-111.5 of the Public Utilities Act for the eligible retail customers of electric utilities that on December 31, 2005 provided electric service to at least 100,000 customers in Illinois. For the purposes of this Section, the term "eligible retail customers" has the same definition as found in Section 16-111.5(a) of the Public Utilities Act.

(1) The Agency shall each year, beginning in 2008, as needed, issue a request for qualifications for experts or expert consulting firms to develop the procurement plans in accordance with Section 16-111.5 of the Public Utilities Act. In order to qualify an expert or expert consulting firm must have:

- (A) direct previous experience assembling large-scale power supply plans or portfolios for end-use customers;
- (B) an advanced degree in economics, mathematics, engineering, risk management, or a related area of study;
- (C) 10 years of experience in the electricity sector, including managing supply risk;
- (D) expertise in wholesale electricity market rules, including those established by the Federal Energy Regulatory Commission and regional transmission organizations;
- (E) expertise in credit protocols and familiarity with contract protocols;
- (F) adequate resources to perform and fulfill the required functions and responsibilities; and
- (G) the absence of a conflict of interest and inappropriate bias for or against potential bidders or the affected electric utilities.

(2) The Agency shall each year, as needed, issue a request for qualifications for a procurement administrator to conduct the competitive procurement processes in accordance with Section 16-111.5 of the Public Utilities Act. In order to qualify an expert or expert consulting firm must have:

- (A) direct previous experience administering a large-scale competitive procurement process;
- (B) an advanced degree in economics, mathematics, engineering, or a related area of study;
- (C) 10 years of experience in the electricity sector, including risk management experience;
- (D) expertise in wholesale electricity market rules, including those established by the Federal Energy Regulatory Commission and regional transmission organizations;
- (E) expertise in credit and contract protocols;
- (F) adequate resources to perform and fulfill the required functions and responsibilities; and
- (G) the absence of a conflict of interest and inappropriate bias for or against potential bidders or the affected electric utilities.

(3) The Agency shall provide affected utilities and other interested parties with the lists of qualified experts or expert consulting firms identified through the request for qualifications processes that are under consideration to develop the procurement plans and to serve as the procurement administrator. The Agency shall also provide each qualified expert's or expert consulting firm's response to the request for qualifications. All information provided under this subparagraph shall also be provided to the Commission. The Agency may provide by rule for fees associated with supplying the information to utilities and other interested parties. These parties shall, within 5 business days, notify the Agency in writing if they object to any experts or expert consulting firms on the lists. Objections shall be based on:

- (A) failure to satisfy qualification criteria;
- (B) identification of a conflict of interest; or
- (C) evidence of inappropriate bias for or against potential bidders or the affected utilities.

The Agency shall remove experts or expert consulting firms from the lists within 10 days if there is a reasonable basis for an objection and provide the updated lists to the affected utilities and other interested parties. If the Agency fails to remove an expert or expert consulting firm from a list, an objecting party may seek review by the Commission within 5 days thereafter by filing a petition, and the Commission shall render a ruling on the petition within 10 days. There is no right of appeal of the Commission's ruling.

(4) The Agency shall issue requests for proposals to the qualified experts or expert consulting firms to develop a procurement plan for the affected utilities and to serve as procurement

administrator.

(5) The Agency shall select an expert or expert consulting firm to develop procurement plans based on the proposals submitted and shall award one-year contracts to those selected with an option for the Agency for a one-year renewal.

(6) The Agency shall select an expert or expert consulting firm, with approval of the Commission, to serve as procurement administrator based on the proposals submitted. If the Commission rejects, within 5 days, the Agency's selection, the Agency shall submit another recommendation within 3 days based on the proposals submitted. The Agency shall award a one-year contract to the expert or expert consulting firm so selected with Commission approval with an option for the Agency for a one-year renewal.

(b) The experts or expert consulting firms retained by the Agency shall, as appropriate, prepare procurement plans, and conduct a competitive procurement process as prescribed in Section 16-111.5 of the Public Utilities Act, 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 eligible retail customers of electric utilities that on December 31, 2005 provided electric service to at least 100,000 customers in the State of Illinois.

(c) Renewable portfolio standard.

(1) The procurement plans shall include cost-effective renewable energy resources.

A minimum percentage of each utility's total supply to serve the load of eligible retail customers, as defined in Section 16-111.5(a) of the Public Utilities Act, procured for each of the following years shall be generated from cost-effective renewable energy resources: at least 2% by June 1, 2008; at least 4% by June 1, 2009; at least 5% by June 1, 2010; at least 6% by June 1, 2011; at least 7% by June 1, 2012; at least 8% by June 1, 2013; at least 9% by June 1, 2014; at least 10% by June 1, 2015; and increasing by at least 1.5% each year thereafter to at least 25% by June 1, 2025. To the extent that it is available, at least 75% of the renewable energy resources used to meet these standards shall come from wind generation. For purposes of this subsection (c) Section, "cost-effective" means that the costs of procuring renewable energy resources do not cause the limit stated in paragraph (2) of this subsection (c) to be exceeded and do not exceed benchmarks based on market prices for renewable energy resources in the region, which shall be developed by the procurement administrator, in consultation with the Commission staff, Agency staff, and the procurement monitor and shall be subject to Commission review and approval.

(2) For purposes of this subsection (c), the required procurement of cost-effective renewable energy resources for a particular year shall be measured as a percentage of the actual amount of electricity (megawatt-hours) supplied by the electric utility to eligible retail customers in the planning year ending immediately prior to the procurement. For purposes of this subsection (c), the amount paid per kilowatthour means the total amount paid for electric service expressed on a per kilowatthour basis. For purposes of this subsection (c), the total amount paid for electric service includes without limitation amounts paid for supply, transmission, distribution, surcharges, and add-on taxes.

Notwithstanding the requirements of this subsection (c), the total of renewable energy resources procured pursuant to the procurement plan for any single year shall be reduced by an amount necessary to limit the annual estimated average net increase due to the costs of these resources included in the amounts paid by eligible retail customers in connection with electric service to:

(A) in 2008, no more than 0.5% of the amount paid per kilowatthour by those customers during the year ending May 31, 2007;

(B) in 2009, the greater of an additional 0.5% of the amount paid per kilowatthour by those customers during the year ending May 31, 2008 or 1% of the amount paid per kilowatthour by those customers during the year ending May 31, 2007;

(C) in 2010, the greater of an additional 0.5% of the amount paid per kilowatthour by those customers during the year ending May 31, 2009 or 1.5% of the amount paid per kilowatthour by those customers during the year ending May 31, 2007;

(D) in 2011, the greater of an additional 0.5% of the amount paid per kilowatthour by those customers during the year ending May 31, 2010 or 2% of the amount paid per kilowatthour by those customers during the year ending May 31, 2007; and

(E) thereafter, the amount of renewable energy resources procured pursuant to the procurement plan for any single year shall be reduced by an amount necessary to limit the estimated average net increase due to the cost of these resources included in the amounts paid by eligible retail customers in connection with electric service to no more than the greater of 2.015%

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of the amount paid per kilowatthour by those customers during the year ending May 31, 2007 or the incremental amount per kilowatthour paid for these resources in 2011.

No later than June 30, 2011, the Commission shall review the limitation on the amount of renewable energy resources procured pursuant to this subsection (c) and report to the General Assembly its findings as to whether that limitation unduly constrains the procurement of cost-effective renewable energy resources.

(3) Through June 1, 2011, renewable energy resources shall be counted for the purpose of meeting the renewable energy standards set forth in paragraph (1) of this subsection (c) only if they are generated from facilities located in the State, provided that cost-effective renewable energy resources are available from those facilities. If those cost-effective resources are not available in Illinois, they shall be procured in states that adjoin Illinois and may be counted towards compliance. If those cost-effective resources are not available in Illinois or in states that adjoin Illinois, they shall be purchased elsewhere and shall be counted towards compliance. After June 1, 2011, cost-effective renewable energy resources located in Illinois and in states that adjoin Illinois may be counted towards compliance with the standards set forth in paragraph (1) of this subsection (c). If those cost-effective resources are not available in Illinois or in states that adjoin Illinois, they shall be purchased elsewhere and shall be counted towards compliance.

(4) The electric utility shall retire all renewable energy credits used to comply with the standard.

(d) Clean coal portfolio standard.

(1) The procurement plans shall include electricity generated using clean coal. Each utility shall enter into one or more sourcing agreements with the initial clean coal facility, as provided in paragraph (3) of this subsection (d), covering electricity generated by the initial clean coal facility representing at least 5% of each utility's total supply to serve the load of eligible retail customers in 2015 and each year thereafter, as described in paragraph (3) of this subsection (d), subject to the limits specified in paragraph (2) of this subsection (d). It is the goal of the State that by January 1, 2025, 25% of the electricity used in the State shall be generated by cost-effective clean coal facilities. For purposes of this subsection (d), "cost-effective" means that the expenditures pursuant to such sourcing agreements do not cause the limit stated in paragraph (2) of this subsection (d) to be exceeded and do not exceed cost-based benchmarks, which shall be developed to assess all expenditures pursuant to such sourcing agreements covering electricity generated by clean coal facilities, other than the initial clean coal facility, by the procurement administrator, in consultation with the Commission staff, Agency staff, and the procurement monitor and shall be subject to Commission review and approval.

(A) A utility party to a sourcing agreement shall immediately retire any emission credits that it receives in connection with the electricity covered by such agreement.

(B) Utilities shall maintain adequate records documenting the purchases under the sourcing agreement to comply with this subsection (d) and shall file an accounting with the load forecast that must be filed with the Agency by July 15 of each year, in accordance with subsection (d) of Section 16-111.5 of the Public Utilities Act.

(C) A utility shall be deemed to have complied with the clean coal portfolio standard specified in this subsection (d) if the utility enters into a sourcing agreement as required by this subsection (d).

(2) For purposes of this subsection (d), the required execution of sourcing agreements with the initial clean coal facility for a particular year shall be measured as a percentage of the actual amount of electricity (megawatt-hours) supplied by the electric utility to eligible retail customers in the planning year ending immediately prior to the agreement's execution. For purposes of this subsection (d), the amount paid per kilowatthour means the total amount paid for electric service expressed on a per kilowatthour basis. For purposes of this subsection (d), the total amount paid for electric service includes without limitation amounts paid for supply, transmission, distribution, surcharges and add-on taxes.

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

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

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

(C) in 2012, the greater of an additional 0.5% of the amount paid per kilowatthour by those

customers during the year ending May 31, 2011 or 1.5% of the amount paid per kilowatthour by those customers during the year ending May 31, 2009;

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

(E) thereafter, the total amount paid under sourcing agreements with clean coal facilities pursuant to the procurement plan for any single year shall be reduced by an amount necessary to limit the estimated average net increase due to the cost of these resources included in the amounts paid by eligible retail customers in connection with electric service to no more than the greater of (i) 2.015% of the amount paid per kilowatthour by those customers during the year ending May 31, 2009 or (ii) the incremental amount per kilowatthour paid for these resources in 2013. These requirements may be altered only as provided by statute. No later than June 30, 2015, the Commission shall review the limitation on the total amount paid under sourcing agreements, if any, with clean coal facilities pursuant to this subsection (d) and report to the General Assembly its findings as to whether that limitation unduly constrains the amount of electricity generated by cost-effective clean coal facilities that is covered by sourcing agreements.

(3) Initial clean coal facility. In order to promote development of clean coal facilities in Illinois, each electric utility subject to this Section shall execute a sourcing agreement to source electricity from a proposed clean coal facility in Illinois (the "initial clean coal facility") that will have a nameplate capacity of at least 500 MW when commercial operation commences, that has a final Clean Air Act permit on the effective date of this amendatory Act of the 95th General Assembly, and that will meet the definition of clean coal facility in Section 1-10 of this Act when commercial operation commences. The sourcing agreements with this initial clean coal facility shall be subject to both approval of the initial clean coal facility by the General Assembly and satisfaction of the requirements of paragraph (4) of this subsection (d) and shall be executed within 90 days after any such approval by the General Assembly. The Agency and the Commission shall have authority to inspect all books and records associated with the initial clean coal facility during the term of such a sourcing agreement. A utility's sourcing agreement for electricity produced by the initial clean coal facility shall include:

(A) a formula contractual price (the "contract price") approved pursuant to paragraph (4) of this subsection (d), which shall:

(i) be determined using a cost of service methodology employing either a level or deferred capital recovery component, based on a capital structure consisting of 45% equity and 55% debt, and a return on equity as may be approved by the Federal Energy Regulatory Commission, which in any case may not exceed the lower of 11.5% or the rate of return approved by the General Assembly pursuant to paragraph (4) of this subsection (d); and

(ii) provide that all miscellaneous net revenue, including but not limited to net revenue from the sale of emission allowances, if any, substitute natural gas, if any, grants or other support provided by the State of Illinois or the United States Government, firm transmission rights, if any, by-products produced by the facility, energy or capacity derived from the facility and not covered by a sourcing agreement pursuant to paragraph (3) of this subsection (d) or item (5) of subsection (d) of Section 16-115 of the Public Utilities Act, whether generated from the synthesis gas derived from coal, from SNG, or from natural gas, shall be credited against the revenue requirement for this initial clean coal facility;

(B) power purchase provisions, which shall:

(i) provide that the utility party to such sourcing agreement shall pay the contract price for electricity delivered under such sourcing agreement;

(ii) require delivery of electricity to the regional transmission organization market of the utility that is party to such sourcing agreement;

(iii) require the utility party to such sourcing agreement to buy from the initial clean coal facility in each hour an amount of energy equal to all clean coal energy made available from the initial clean coal facility during such hour times a fraction, the numerator of which is such utility's retail market sales of electricity (expressed in kilowatthours sold) in the State during the prior calendar month and the denominator of which is the total retail market sales of electricity (expressed in kilowatthours sold) in the State by utilities during such prior month and the sales of electricity (expressed in kilowatthours sold) in the State by alternative retail electric suppliers during such prior month that are subject to the requirements of this subsection (d) and paragraph (5) of subsection (d) of Section 16-115 of the Public Utilities Act, provided that the amount purchased by the utility in any year will be limited by paragraph (2) of this subsection (d); and

(iv) be considered pre-existing contracts in such utility's procurement plans for eligible retail

customers;

(C) contract for differences provisions, which shall:

(i) require the utility party to such sourcing agreement to contract with the initial clean coal facility in each hour with respect to an amount of energy equal to all clean coal energy made available from the initial clean coal facility during such hour times a fraction, the numerator of which is such utility's retail market sales of electricity (expressed in kilowatthours sold) in the utility's service territory in the State during the prior calendar month and the denominator of which is the total retail market sales of electricity (expressed in kilowatthours sold) in the State by utilities during such prior month and the sales of electricity (expressed in kilowatthours sold) in the State by alternative retail electric suppliers during such prior month that are subject to the requirements of this subsection (d) and paragraph (5) of subsection (d) of Section 16-115 of the Public Utilities Act, provided that the amount paid by the utility in any year will be limited by paragraph (2) of this subsection (d);

(ii) provide that the utility's payment obligation in respect of the quantity of electricity determined pursuant to the preceding clause (i) shall be limited to an amount equal to (1) the difference between the contract price determined pursuant to subparagraph (A) of paragraph (3) of this subsection (d) and the day-ahead price for electricity delivered to the regional transmission organization market of the utility that is party to such sourcing agreement (or any successor delivery point at which such utility's supply obligations are financially settled on an hourly basis) (the "reference price") on the day preceding the day on which the electricity is delivered to the initial clean coal facility busbar, multiplied by (2) the quantity of electricity determined pursuant to the preceding clause (i); and

(iii) not require the utility to take physical delivery of the electricity produced by the facility;

(D) general provisions, which shall:

(i) specify a term of no more than 30 years, commencing on the commercial operation date of the facility;

(ii) provide that utilities shall maintain adequate records documenting purchases under the sourcing agreements entered into to comply with this subsection (d) and shall file an accounting with the load forecast that must be filed with the Agency by July 15 of each year, in accordance with subsection (d) of Section 16-111.5 of the Public Utilities Act.

(iii) provide that all costs associated with the initial clean coal facility will be periodically reported to the Federal Energy Regulatory Commission and to purchasers in accordance with applicable laws governing cost-based wholesale power contracts;

(iv) permit the Illinois Power Agency to assume ownership of the initial clean coal facility, without monetary consideration and otherwise on reasonable terms acceptable to the Agency, if the Agency so requests no less than 3 years prior to the end of the stated contract term;

(v) require the owner of the initial clean coal facility to provide documentation to the Commission each year, starting in the facility's first year of commercial operation, accurately reporting the quantity of carbon emissions from the facility that have been captured and sequestered and report any quantities of carbon released from the site or sites at which carbon emissions were sequestered in prior years, based on continuous monitoring of such sites. If, in any year after the first year of commercial operation, the owner of the facility fails to demonstrate that the initial clean coal facility captured and sequestered at least 50% of the total carbon emissions that the facility would otherwise emit or that sequestration of emissions from prior years has failed, resulting in the release of carbon dioxide into the atmosphere, the owner of the facility must offset excess emissions. Any such carbon offsets must be permanent, additional, verifiable, real, located within the state of Illinois, and legally and practicably enforceable. The cost of such offsets for the facility that are not recoverable shall not exceed \$15 million in any given year. No costs of any such purchases of carbon offsets may be recovered from a utility or its customers. All carbon offsets purchased for this purpose and any carbon emission credits associated with sequestration of carbon from the facility must be permanently retired. The initial clean coal facility shall not forfeit its designation as a clean coal facility if the facility fails to fully comply with the applicable carbon sequestration requirements in any given year, provided the requisite offsets are purchased. However, the Attorney General, on behalf of the People of the State of Illinois, may specifically enforce the facility's sequestration requirement and the other terms of this contract provision. Compliance with the sequestration requirements and offset purchase requirements specified in paragraph (3) of this subsection (d) shall be reviewed annually by an independent expert retained by the owner of the initial clean coal facility, with the advance written approval of the Attorney General. The Commission may, in the course of the review specified in item (vi), reduce the allowable return on equity for the facility if the facility fails to comply with the carbon capture and sequestration requirements set forth in this item (v);

(vi) include limits on, and accordingly provide for modification of, the amount the utility is

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required to source under the sourcing agreement consistent with paragraph (2) of this subsection (d);

(vii) require Commission review: (1) to determine the justness, reasonableness, and prudence of the inputs to the formula referenced in subparagraphs (A)(i) through (A)(iii) of paragraph (3) of this subsection (d), prior to an adjustment in those inputs including, without limitation, the capital structure and return on equity, fuel costs, and other operations and maintenance costs and (2) to approve the costs to be passed through to customers under the sourcing agreement by which the utility satisfies its statutory obligations. Commission review shall occur no less than every 3 years, regardless of whether any adjustments have been proposed, and shall be completed within 9 months;

(viii) limit the utility's obligation to such amount as the utility is allowed to recover through tariffs filed with the Commission, provided that neither the clean coal facility nor the utility waives any right to assert federal pre-emption or any other argument in response to a purported disallowance of recovery costs;

(ix) limit the utility's or alternative retail electric supplier's obligation to incur any liability until such time as the facility is in commercial operation and generating power and energy and such power and energy is being delivered to the facility busbar;

(x) provide that the owner or owners of the initial clean coal facility, which is the counterparty to such sourcing agreement, shall have the right from time to time to elect whether the obligations of the utility party thereto shall be governed by the power purchase provisions or the contract for differences provisions;

(xi) append documentation showing that the formula rate and contract, insofar as they relate to the power purchase provisions, have been approved by the Federal Energy Regulatory Commission pursuant to Section 205 of the Federal Power Act;

(xii) provide that any changes to the terms of the contract, insofar as such changes relate to the power purchase provisions, are subject to review under the public interest standard applied by the Federal Energy Regulatory Commission pursuant to Sections 205 and 206 of the Federal Power Act; and

(xiii) conform with customary lender requirements in power purchase agreements used as the basis for financing non-utility generators.

(4) Effective date of sourcing agreements with the initial clean coal facility. Any proposed sourcing agreement with the initial clean coal facility shall not become effective unless the following reports are prepared and submitted and authorizations and approvals obtained:

(i) Facility cost report. The owner of the initial clean coal facility shall submit to the Commission, the Agency, and the General Assembly a front-end engineering and design study, a facility cost report, method of financing (including but not limited to structure and associated costs), and an operating and maintenance cost quote for the facility (collectively "facility cost report"), which shall be prepared in accordance with the requirements of this paragraph (4) of subsection (d) of this Section, and shall provide the Commission and the Agency access to the work papers, relied upon documents, and any other backup documentation related to the facility cost report.

(ii) Commission report. Within 6 months following receipt of the facility cost report, the Commission, in consultation with the Agency, shall submit a report to the General Assembly setting forth its analysis of the facility cost report. Such report shall include, but not be limited to, a comparison of the costs associated with electricity generated by the initial clean coal facility to the costs associated with electricity generated by other types of generation facilities, an analysis of the rate impacts on residential and small business customers over the life of the sourcing agreements, and an analysis of the likelihood that the initial clean coal facility will commence commercial operation by and be delivering power to the facility's busbar by 2016. To assist in the preparation of its report, the Commission, in consultation with the Agency, may hire one or more experts or consultants, the costs of which shall be paid for by the owner of the initial clean coal facility. The Commission and Agency may begin the process of selecting such experts or consultants prior to receipt of the facility cost report.

(iii) General Assembly approval. The proposed sourcing agreements shall not take effect unless, based on the facility cost report and the Commission's report, the General Assembly enacts authorizing legislation approving (A) the projected price, stated in cents per kilowatthour, to be charged for electricity generated by the initial clean coal facility, (B) the projected impact on residential and small business customers' bills over the life of the sourcing agreements, and (C) the maximum allowable return on equity for the project; and

(iv) Commission review. If the General Assembly enacts authorizing legislation pursuant to subparagraph (iii) approving a sourcing agreement, the Commission shall, within 90 days of such enactment, complete a review of such sourcing agreement. During such time period, the Commission shall implement any directive of the General Assembly, resolve any disputes between the parties to the sourcing agreement concerning the terms of such agreement, approve the form of such agreement, and

issue an order finding that the sourcing agreement is prudent and reasonable.

The facility cost report shall be prepared as follows:

(A) The facility cost report shall be prepared by duly licensed engineering and construction firms detailing the estimated capital costs payable to one or more contractors or suppliers for the engineering, procurement and construction of the components comprising the initial clean coal facility and the estimated costs of operation and maintenance of the facility. The facility cost report shall include:

(i) an estimate of the capital cost of the core plant based on one or more front end engineering and design studies for the gasification island and related facilities. The core plant shall include all civil, structural, mechanical, electrical, control, and safety systems.

(ii) an estimate of the capital cost of the balance of the plant, including any capital costs associated with sequestration of carbon dioxide emissions and all interconnects and interfaces required to operate the facility, such as transmission of electricity, construction or backfeed power supply, pipelines to transport substitute natural gas or carbon dioxide, potable water supply, natural gas supply, water supply, water discharge, landfill, access roads, and coal delivery.

The quoted construction costs shall be expressed in nominal dollars as of the date that the quote is prepared and shall include (1) capitalized financing costs during construction, (2) taxes, insurance, and other owners costs, and (3) an assumed escalation in materials and labor beyond the date as of which the construction cost quote is expressed.

(B) The front end engineering and design study for the gasification island and the cost study for the balance of plant shall include sufficient design work to permit quantification of major categories of materials, commodities and labor hours, and receipt of quotes from vendors of major equipment required to construct and operate the clean coal facility.

(C) The facility cost report shall also include 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 operations and maintenance costs.

(a) The delivered fuel cost estimate will 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 will be developed based on the inputs provided by duly licensed engineering and construction firms 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 (including the cost of the front end engineering and design study) shall be expressed in nominal dollars as of the date that the quote is prepared and shall include (1) taxes, insurance, and other owner's costs, and (2) an assumed escalation in materials and labor beyond the date as of which the operating and maintenance cost quote is expressed.

(D) The facility cost report shall also include (i) an analysis of the initial clean coal facility's ability to deliver power and energy into the applicable regional transmission organization markets and (ii) an analysis of the expected capacity factor for the initial clean coal facility.

(E) Amounts paid to third parties unrelated to the owner or owners of the initial clean coal facility to prepare the core plant construction cost quote, including the front end engineering and design study, and the operating and maintenance cost quote will be reimbursed through Coal Development Bonds.

(5) Re-powering and retrofitting coal-fired power plants previously owned by Illinois utilities to qualify as clean coal facilities. During the 2009 procurement planning process and thereafter, the Agency and the Commission shall consider sourcing agreements covering electricity generated by power plants that were previously owned by Illinois utilities and that have been or will be converted into clean coal facilities, as defined by Section 1-10 of this Act. Pursuant to such procurement planning process, the owners of such facilities may propose to the Agency sourcing agreements with utilities and alternative retail electric suppliers required to comply with subsection (d) of this Section and item (5) of subsection (d) of Section 16-115 of the Public Utilities Act, covering electricity generated by such facilities. In the case of sourcing agreements that are power purchase agreements, the contract price for electricity sales shall be established on a cost of service basis. In the case of sourcing agreements that are contracts for differences, the contract price from which the reference price is subtracted shall be established on a cost of service basis. The Agency and the Commission may approve any such utility sourcing agreements that do not exceed cost-based benchmarks developed by the procurement administrator, in consultation with the Commission staff, Agency staff and the procurement monitor, subject to Commission review and approval. The Commission shall have authority to inspect all books and records associated with these clean coal facilities during the term of any such contract.

(6) Costs incurred under this subsection (d) or pursuant to a contract entered into under this

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subsection (d) shall be deemed prudently incurred and reasonable in amount and the electric utility shall be entitled to full cost recovery pursuant to the tariffs filed with the Commission.

(e) ~~(d)~~ The draft procurement plans are subject to public comment, as required by Section 16-111.5 of the Public Utilities Act.

(f) ~~(e)~~ The Agency shall submit the final procurement plan to the Commission. The Agency shall revise a procurement plan if the Commission determines that it does not meet the standards set forth in Section 16-111.5 of the Public Utilities Act.

(g) ~~(f)~~ The Agency shall assess fees to each affected utility to recover the costs incurred in preparation of the annual procurement plan for the utility.

(h) ~~(g)~~ The Agency shall assess fees to each bidder to recover the costs incurred in connection with a competitive procurement process.

(Source: P.A. 95-481, eff. 8-28-07.)

(20 ILCS 3855/1-80)

Sec. 1-80. Resource Development Bureau. The Resource Development Bureau has the following duties and responsibilities:

(a) At the Agency's discretion, conduct feasibility studies on the construction of any facility. Funding for a study shall come from either:

(i) fees assessed by the Agency on municipal electric systems, governmental aggregators, unit or units of local government, or rural electric cooperatives requesting the feasibility study; or

(ii) an appropriation from the General Assembly.

(b) If the Agency undertakes the construction of a facility, moneys generated from the sale of revenue bonds by the Authority for the facility shall be used to reimburse the source of the money used for the facility's feasibility study.

(c) The Agency may develop, finance, construct, or operate electric generation and co-generation facilities that use indigenous coal or renewable resources, or both, financed with bonds issued by the Authority on behalf of the Agency. Any such facility that uses coal must be a clean coal facility and must be constructed in a location Preference shall be given to technologies that enable carbon capture and sites in locations where the geology is suitable for carbon sequestration. The Agency may also develop, finance, construct, or operate a carbon sequestration facility.

(1) The Agency may enter into contractual arrangements with private and public entities, including but not limited to municipal electric systems, governmental aggregators, and rural electric cooperatives, to plan, site, construct, improve, rehabilitate, and operate those electric generation and co-generation facilities. No contract shall be entered into by the Agency that would jeopardize the tax-exempt status of any bond issued in connection with a project for which the Agency entered into the contract.

(2) The Agency shall hold at least one public hearing before entering into any such contractual arrangements. At least 30-days' notice of the hearing shall be given by publication once in each week during that period in 6 newspapers within the State, at least one of which has a circulation area that includes the location of the proposed facility.

(3) The first facility that the Agency develops, finances, or constructs shall be a facility that uses coal produced in Illinois. The Agency may, however, also develop, finance, or construct renewable energy facilities after work on the first facility has commenced.

(4) The Agency may not develop, finance, or construct a nuclear power plant.

(5) The Agency shall assess fees to applicants seeking to partner with the Agency on projects.

(d) Use of electricity generated by the Agency's facilities. The Agency may supply electricity produced by the Agency's facilities to municipal electric systems, governmental aggregators, or rural electric cooperatives in Illinois. The electricity shall be supplied at cost.

(1) Contracts to supply power and energy from the Agency's facilities shall provide for the effectuation of the policies set forth in this Act.

(2) The contracts shall also provide that, notwithstanding any provision in the Public Utilities Act, entities supplied with power and energy from an Agency facility shall supply the power and energy to retail customers at the same price paid to purchase power and energy from the Agency.

(e) Electric utilities shall not be required to purchase electricity directly or indirectly from facilities developed or sponsored by the Agency.

(f) The Agency may sell excess capacity and excess energy into the wholesale electric market at prevailing market rates; provided, however, the Agency may not sell excess capacity or

excess energy through the procurement process described in Section 16-111.5 of the Public Utilities Act.

(g) The Agency shall not directly sell electric power and energy to retail customers.

Nothing in this paragraph shall be construed to prohibit sales to municipal electric systems, governmental aggregators, or rural electric cooperatives.

(Source: P.A. 95-481, eff. 8-28-07.)

Section 1-10. The Public Utilities Act is amended by changing Sections 9-220, 16-101A, 16-111.5, 16-115, and 16-116 as follows:

(220 ILCS 5/9-220) (from Ch. 111 2/3, par. 9-220)

Sec. 9-220. Rate changes based on changes in fuel costs.

(a) Notwithstanding the provisions of Section 9-201, the Commission may authorize the increase or decrease of rates and charges based upon changes in the cost of fuel used in the generation or production of electric power, changes in the cost of purchased power, or changes in the cost of purchased gas through the application of fuel adjustment clauses or purchased gas adjustment clauses. The Commission may also authorize the increase or decrease of rates and charges based upon expenditures or revenues resulting from the purchase or sale of emission allowances created under the federal Clean Air Act Amendments of 1990, through such fuel adjustment clauses, as a cost of fuel. For the purposes of this paragraph, cost of fuel used in the generation or production of electric power shall include the amount of any fees paid by the utility for the implementation and operation of a process for the desulfurization of the flue gas when burning high sulfur coal at any location within the State of Illinois irrespective of the attainment status designation of such location; but shall not include transportation costs of coal (i) except to the extent that for contracts entered into on and after the effective date of this amendatory Act of 1997, the cost of the coal, including transportation costs, constitutes the lowest cost for adequate and reliable fuel supply reasonably available to the public utility in comparison to the cost, including transportation costs, of other adequate and reliable sources of fuel supply reasonably available to the public utility, or (ii) except as otherwise provided in the next 3 sentences of this paragraph. Such costs of fuel shall, when requested by a utility or at the conclusion of the utility's next general electric rate proceeding, whichever shall first occur, include transportation costs of coal purchased under existing coal purchase contracts. For purposes of this paragraph "existing coal purchase contracts" means contracts for the purchase of coal in effect on the effective date of this amendatory Act of 1991, as such contracts may thereafter be amended, but only to the extent that any such amendment does not increase the aggregate quantity of coal to be purchased under such contract. Nothing herein shall authorize an electric utility to recover through its fuel adjustment clause any amounts of transportation costs of coal that were included in the revenue requirement used to set base rates in its most recent general rate proceeding. Cost shall be based upon uniformly applied accounting principles. Annually, the Commission shall initiate public hearings to determine whether the clauses reflect actual costs of fuel, gas, power, or coal transportation purchased to determine whether such purchases were prudent, and to reconcile any amounts collected with the actual costs of fuel, power, gas, or coal transportation prudently purchased. In each such proceeding, the burden of proof shall be upon the utility to establish the prudence of its cost of fuel, power, gas, or coal transportation purchases and costs. The Commission shall issue its final order in each such annual proceeding for an electric utility by December 31 of the year immediately following the year to which the proceeding pertains, provided, that the Commission shall issue its final order with respect to such annual proceeding for the years 1996 and earlier by December 31, 1998.

(b) A public utility providing electric service, other than a public utility described in subsections (e) or (f) of this Section, may at any time during the mandatory transition period file with the Commission proposed tariff sheets that eliminate the public utility's fuel adjustment clause and adjust the public utility's base rate tariffs by the amount necessary for the base fuel component of the base rates to recover the public utility's average fuel and power supply costs per kilowatt-hour for the 2 most recent years for which the Commission has issued final orders in annual proceedings pursuant to subsection (a), where the average fuel and power supply costs per kilowatt-hour shall be calculated as the sum of the public utility's prudent and allowable fuel and power supply costs as found by the Commission in the 2 proceedings divided by the public utility's actual jurisdictional kilowatt-hour sales for those 2 years. Notwithstanding any contrary or inconsistent provisions in Section 9-201 of this Act, in subsection (a) of this Section or in any rules or regulations promulgated by the Commission pursuant to subsection (g) of this Section, the Commission shall review and shall by order approve, or approve as modified, the proposed tariff sheets within 60 days after the date of the public utility's filing. The Commission may modify the public utility's proposed tariff sheets only to the extent the Commission finds necessary to

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achieve conformance to the requirements of this subsection (b). During the 5 years following the date of the Commission's order, but in any event no earlier than January 1, 2007, a public utility whose fuel adjustment clause has been eliminated pursuant to this subsection shall not file proposed tariff sheets seeking, or otherwise petition the Commission for, reinstatement of a fuel adjustment clause.

(c) Notwithstanding any contrary or inconsistent provisions in Section 9-201 of this Act, in subsection (a) of this Section or in any rules or regulations promulgated by the Commission pursuant to subsection (g) of this Section, a public utility providing electric service, other than a public utility described in subsection (e) or (f) of this Section, may at any time during the mandatory transition period file with the Commission proposed tariff sheets that establish the rate per kilowatt-hour to be applied pursuant to the public utility's fuel adjustment clause at the average value for such rate during the preceding 24 months, provided that such average rate results in a credit to customers' bills, without making any revisions to the public utility's base rate tariffs. The proposed tariff sheets shall establish the fuel adjustment rate for a specific time period of at least 3 years but not more than 5 years, provided that the terms and conditions for any reinstatement earlier than 5 years shall be set forth in the proposed tariff sheets and subject to modification or approval by the Commission. The Commission shall review and shall by order approve the proposed tariff sheets if it finds that the requirements of this subsection are met. The Commission shall not conduct the annual hearings specified in the last 3 sentences of subsection (a) of this Section for the utility for the period that the factor established pursuant to this subsection is in effect.

(d) A public utility providing electric service, or a public utility providing gas service may file with the Commission proposed tariff sheets that eliminate the public utility's fuel or purchased gas adjustment clause and adjust the public utility's base rate tariffs to provide for recovery of power supply costs or gas supply costs that would have been recovered through such clause; provided, that the provisions of this subsection (d) shall not be available to a public utility described in subsections (e) or (f) of this Section to eliminate its fuel adjustment clause. Notwithstanding any contrary or inconsistent provisions in Section 9-201 of this Act, in subsection (a) of this Section, or in any rules or regulations promulgated by the Commission pursuant to subsection (g) of this Section, the Commission shall review and shall by order approve, or approve as modified in the Commission's order, the proposed tariff sheets within 240 days after the date of the public utility's filing. The Commission's order shall approve rates and charges that the Commission, based on information in the public utility's filing or on the record if a hearing is held by the Commission, finds will recover the reasonable, prudent and necessary jurisdictional power supply costs or gas supply costs incurred or to be incurred by the public utility during a 12 month period found by the Commission to be appropriate for these purposes, provided, that such period shall be either (i) a 12 month historical period occurring during the 15 months ending on the date of the public utility's filing, or (ii) a 12 month future period ending no later than 15 months following the date of the public utility's filing. The public utility shall include with its tariff filing information showing both (1) its actual jurisdictional power supply costs or gas supply costs for a 12 month historical period conforming to (i) above and (2) its projected jurisdictional power supply costs or gas supply costs for a future 12 month period conforming to (ii) above. If the Commission's order requires modifications in the tariff sheets filed by the public utility, the public utility shall have 7 days following the date of the order to notify the Commission whether the public utility will implement the modified tariffs or elect to continue its fuel or purchased gas adjustment clause in force as though no order had been entered. The Commission's order shall provide for any reconciliation of power supply costs or gas supply costs, as the case may be, and associated revenues through the date that the public utility's fuel or purchased gas adjustment clause is eliminated. During the 5 years following the date of the Commission's order, a public utility whose fuel or purchased gas adjustment clause has been eliminated pursuant to this subsection shall not file proposed tariff sheets seeking, or otherwise petition the Commission for, reinstatement or adoption of a fuel or purchased gas adjustment clause. Nothing in this subsection (d) shall be construed as limiting the Commission's authority to eliminate a public utility's fuel adjustment clause or purchased gas adjustment clause in accordance with any other applicable provisions of this Act.

(e) Notwithstanding any contrary or inconsistent provisions in Section 9-201 of this Act, in subsection (a) of this Section, or in any rules promulgated by the Commission pursuant to subsection (g) of this Section, a public utility providing electric service to more than 1,000,000 customers in this State may, within the first 6 months after the effective date of this amendatory Act of 1997, file with the Commission proposed tariff sheets that eliminate, effective January 1, 1997, the public utility's fuel adjustment clause without adjusting its base rates, and such tariff sheets shall be effective upon filing. To the extent the application of the fuel adjustment clause had resulted in net charges to customers after January 1, 1997, the utility shall also file a tariff sheet that provides for a refund stated on a per kilowatt-hour basis of such charges over a period not to exceed 6 months; provided however, that such refund shall not include the proportional amounts of taxes paid under the Use Tax Act, Service Use Tax

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Act, Service Occupation Tax Act, and Retailers' Occupation Tax Act on fuel used in generation. The Commission shall issue an order within 45 days after the date of the public utility's filing approving or approving as modified such tariff sheet. If the fuel adjustment clause is eliminated pursuant to this subsection, the Commission shall not conduct the annual hearings specified in the last 3 sentences of subsection (a) of this Section for the utility for any period after December 31, 1996 and prior to any reinstatement of such clause. A public utility whose fuel adjustment clause has been eliminated pursuant to this subsection shall not file a proposed tariff sheet seeking, or otherwise petition the Commission for, reinstatement of the fuel adjustment clause prior to January 1, 2007.

(f) Notwithstanding any contrary or inconsistent provisions in Section 9-201 of this Act, in subsection (a) of this Section, or in any rules or regulations promulgated by the Commission pursuant to subsection (g) of this Section, a public utility providing electric service to more than 500,000 customers but fewer than 1,000,000 customers in this State may, within the first 6 months after the effective date of this amendatory Act of 1997, file with the Commission proposed tariff sheets that eliminate, effective January 1, 1997, the public utility's fuel adjustment clause and adjust its base rates by the amount necessary for the base fuel component of the base rates to recover 91% of the public utility's average fuel and power supply costs for the 2 most recent years for which the Commission, as of January 1, 1997, has issued final orders in annual proceedings pursuant to subsection (a), where the average fuel and power supply costs per kilowatt-hour shall be calculated as the sum of the public utility's prudent and allowable fuel and power supply costs as found by the Commission in the 2 proceedings divided by the public utility's actual jurisdictional kilowatt-hour sales for those 2 years, provided, that such tariff sheets shall be effective upon filing. To the extent the application of the fuel adjustment clause had resulted in net charges to customers after January 1, 1997, the utility shall also file a tariff sheet that provides for a refund stated on a per kilowatt-hour basis of such charges over a period not to exceed 6 months. Provided however, that such refund shall not include the proportional amounts of taxes paid under the Use Tax Act, Service Use Tax Act, Service Occupation Tax Act, and Retailers' Occupation Tax Act on fuel used in generation. The Commission shall issue an order within 45 days after the date of the public utility's filing approving or approving as modified such tariff sheet. If the fuel adjustment clause is eliminated pursuant to this subsection, the Commission shall not conduct the annual hearings specified in the last 3 sentences of subsection (a) of this Section for the utility for any period after December 31, 1996 and prior to any reinstatement of such clause. A public utility whose fuel adjustment clause has been eliminated pursuant to this subsection shall not file a proposed tariff sheet seeking, or otherwise petition the Commission for, reinstatement of the fuel adjustment clause prior to January 1, 2007.

(g) The Commission shall have authority to promulgate rules and regulations to carry out the provisions of this Section.

(h) Any gas utility may enter into a contract for up to 20 years of supply with any company for the purchase of substitute natural gas (SNG) produced from coal through the gasification process if the company has commenced construction of a coal gasification facility by July 1, 2010. The cost for the SNG is reasonable and prudent and recoverable through the purchased gas adjustment clause for years one through 10 of the contract if: (i) the only coal used in the gasification process has high volatile bituminous rank and greater than 1.7 pounds of sulfur per million Btu content; (ii) at the time the contract term commences, the price per million Btu does not exceed \$7.95 in 2008 dollars, adjusted annually based on the change in the Annual Consumer Price Index for All Urban Consumers for the Midwest Region as published in April by the United States Department of Labor, Bureau of Labor Statistics (or a suitable Consumer Price Index calculation if this Consumer Price Index is not available) for the previous calendar year; provided that the price per million Btu shall not exceed \$8.95 at any time during the contract; (iii) the utility's aggregate long-term supply contracts for the purchase of SNG does not exceed 25% of the annual system supply requirements of the utility at the time the contract is entered into and the quantity of SNG supplied to a utility by any one producer may not exceed 20 billion cubic feet per year; and (iv) the contract is entered into within 120 days after the effective date of this amendatory Act of the 95th General Assembly and terminates no more than 20 years after the commencement of the commercial production of SNG at the facility. Contracts greater than 10 years shall provide that if, at any time during supply years 11 through 20 of the contract, the Commission determines that the cost for the synthetic natural gas purchased under the contract during supply years 11 through 20 is not reasonable and prudent, then the company shall reimburse the utility for the difference between the cost deemed reasonable and prudent by the Commission and the cost imposed under the contract. All such contracts, regardless of duration, shall require the owner of any facility supplying SNG under the contract to provide documentation to the Commission each year, starting in the facility's first year of commercial operation, accurately reporting the quantity of carbon dioxide emissions from the facility that have been captured and sequestered and reporting any quantities of carbon dioxide

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released from the site or sites at which carbon dioxide emissions were sequestered in prior years, based on continuous monitoring of those sites. If, in any year, the owner of the facility fails to demonstrate that the SNG facility captured and sequestered at least 90% of the total carbon dioxide emissions that the facility would otherwise emit or that sequestration of emissions from prior years has failed, resulting in the release of carbon dioxide into the atmosphere, the Commission may reduce the price per million Btu that may be charged during the following year under the contracts authorized in this subsection (h) and the owner of the facility must offset excess emissions. Any such carbon dioxide offsets must be permanent, additional, verifiable, real, located within the State of Illinois, and legally and practicably enforceable. The costs of such offsets shall not exceed \$30 million in any given year. No costs of any purchases of carbon offsets may be recovered from a utility or its customers. All carbon offsets purchased for this purpose must be permanently retired. In addition, carbon dioxide emission credits equivalent to 50% of the amount of credits associated with the required sequestration of carbon dioxide from the facility must be permanently retired. Compliance with the sequestration requirements and the offset purchase requirements specified in this subsection (h) shall be assessed annually by an independent expert retained by the owner of the SNG facility, with the advance written approval of the Attorney General. An SNG facility operating pursuant to this subsection (h) shall not forfeit its designation as a clean coal SNG facility if the facility fails to fully comply with the applicable carbon sequestration requirements in any given year, provided the requisite offsets are purchased. However, the Attorney General, on behalf of the People of the State of Illinois, may specifically enforce the facility's sequestration requirements. Any gas utility may enter into a 20-year supply contract with any company for synthetic natural gas produced from coal through the gasification process if the company has commenced construction of a coal gasification facility by July 1, 2008. The cost for the synthetic natural gas is reasonable and prudent and recoverable through the purchased gas adjustment clause for years one through 10 of the contract if: (i) the only coal used in the gasification process has high volatile bituminous rank and greater than 1.7 pounds of sulfur per million Btu content; (ii) at the time the contract term commences, the price per million Btu does not exceed \$5 in 2004 dollars, adjusted annually based on the change in the Annual Consumer Price Index for All Urban Consumers for the Midwest Region as published in April by the United States Department of Labor, Bureau of Labor Statistics (or a suitable Consumer Price Index calculation if this Consumer Price Index is not available) for the previous calendar year; provided that the price per million Btu shall not exceed \$5.50 at any time during the contract; (iii) the utility's aggregate long-term supply contracts for the purchase of synthetic natural gas produced from coal through the gasification process does not exceed 25% of the annual system supply requirements of the utility at the time the contract is entered into; and (iv) the contract is entered into within one year after the effective date of this amendatory Act of the 94th General Assembly and terminates 20 years after the commencement of the production of synthetic natural gas. The contract shall provide that if, at any time during years 11 through 20 of the contract, the Commission determines that the cost for the synthetic natural gas under the contract is not reasonable and prudent, then the company shall reimburse the utility for the difference between the cost deemed reasonable and prudent by the Commission and the cost imposed under the contract.

(i) If a gas utility or an affiliate of a gas utility has an ownership interest in any entity that produces or sells synthetic natural gas, Article VII of this Act shall apply.

(Source: P.A. 94-63, eff. 6-21-05.)

(220 ILCS 5/16-101A)

Sec. 16-101A. Legislative findings.

(a) The citizens and businesses of the State of Illinois have been well-served by a comprehensive electrical utility system which has provided safe, reliable, and affordable service. The electrical utility system in the State of Illinois has historically been subject to State and federal regulation, aimed at assuring the citizens and businesses of the State of safe, reliable, and affordable service, while at the same time assuring the utility system of a return on its investment.

(b) Competitive forces are affecting the market for electricity as a result of recent federal regulatory and statutory changes and the activities of other states. Competition in the electric services market may create opportunities for new products and services for customers and lower costs for users of electricity. Long-standing regulatory relationships need to be altered to accommodate the competition that could fundamentally alter the structure of the electric services market.

(c) With the advent of increasing competition in this industry, the State has a continued interest in assuring that the safety, reliability, and affordability of electrical power is not sacrificed to competitive pressures, and to that end, intends to implement safeguards to assure that the industry continues to operate the electrical system in a manner that will serve the public's interest. Under the existing regulatory framework, the industry has been encouraged to undertake certain investments in its physical

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plant and personnel to enhance its efficient operation, the cost of which it has been permitted to pass on to consumers. The State has an interest in providing the existing utilities a reasonable opportunity to obtain a return on certain investments on which they depended in undertaking those commitments in the first instance while, at the same time, not permitting new entrants into the industry to take unreasonable advantage of the investments made by the formerly regulated industry.

(d) A competitive wholesale and retail market must benefit all Illinois citizens. The Illinois Commerce Commission should act to promote the development of an effectively competitive electricity market that operates efficiently and is equitable to all consumers. Consumer protections must be in place to ensure that all customers continue to receive safe, reliable, affordable, and environmentally safe electric service.

(e) All consumers must benefit in an equitable and timely fashion from the lower costs for electricity that result from retail and wholesale competition and receive sufficient information to make informed choices among suppliers and services. The use of renewable resources and energy efficiency resources should be encouraged in competitive markets.

(f) The efficiency of electric markets depends both upon the competitiveness of supply and upon the price-responsiveness of the demand for service. Therefore, to ensure the lowest total cost of service and to enhance the reliability of service, all classes of the electricity customers of electric utilities should have access to and be able to voluntarily use real-time pricing and other price-response and demand-response mechanisms.

(g) Including cost-effective renewable resources and demand-response resources in a diverse electricity supply portfolio will reduce long-term direct and indirect costs to consumers by decreasing environmental impacts and by avoiding or delaying the need for new generation, transmission, and distribution infrastructure. It serves the public interest to allow electric utilities to recover costs for reasonably and prudently incurred expenses for electricity generated by renewable resources and demand-response resources.

(h) Including electricity generated by clean coal facilities, as defined under Section 1-10 of the Illinois Power Agency Act, in a diverse electricity procurement portfolio will reduce the need to purchase, directly or indirectly, carbon dioxide emission credits and will decrease environmental impacts. It serves the public interest to allow electric utilities to recover costs for reasonably and prudently incurred expenses for sourcing electricity generated by clean coal facilities.

(Source: P.A. 94-977, eff. 6-30-06; 95-481, eff. 8-28-07.)

(220 ILCS 5/16-111.5)

Sec. 16-111.5. Provisions relating to procurement.

(a) An electric utility that on December 31, 2005 served at least 100,000 customers in Illinois shall procure power and energy for its eligible retail customers in accordance with the applicable provisions set forth in Section 1-75 of the Illinois Power Agency Act and this Section. "Eligible retail customers" for the purposes of this Section means those retail customers that purchase power and energy from the electric utility under fixed-price bundled service tariffs, other than those retail customers whose service is declared or deemed competitive under Section 16-113 and those other customer groups specified in this Section, including self-generating customers, customers electing hourly pricing, or those customers who are otherwise ineligible for fixed-price bundled tariff service. Those customers that are excluded from the definition of "eligible retail customers" shall not be included in the procurement plan load requirements, and the utility shall procure any supply requirements, including capacity, ancillary services, and hourly priced energy, in the applicable markets as needed to serve those customers, provided that the utility may include in its procurement plan load requirements for the load that is associated with those retail customers whose service has been declared or deemed competitive pursuant to Section 16-113 of this Act to the extent that those customers are purchasing power and energy during one of the transition periods identified in subsection (b) of Section 16-113 of this Act.

(b) A procurement plan shall be prepared for each electric utility consistent with the applicable requirements of the Illinois Power Agency Act and this Section. For purposes of this Section, Illinois electric utilities that are affiliated by virtue of a common parent company are considered to be a single electric utility. Each procurement plan shall analyze the projected balance of supply and demand for eligible retail customers over a 5-year period with the first planning year beginning on June 1 of the year following the year in which the plan is filed. The plan shall specifically identify the wholesale products to be procured following plan approval, and shall follow all the requirements set forth in the Public Utilities Act and all applicable State and federal laws, statutes, rules, or regulations, as well as Commission orders. Nothing in this Section precludes consideration of contracts longer than 5 years and related forecast data. Unless specified otherwise in this Section, in the procurement plan or in the implementing tariff, any procurement occurring in accordance with this plan shall be competitively bid through a request for proposals process. Approval and implementation of the procurement plan shall be

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subject to review and approval by the Commission according to the provisions set forth in this Section. A procurement plan shall include each of the following components:

- (1) Hourly load analysis. This analysis shall include:
 - (i) multi-year historical analysis of hourly loads;
 - (ii) switching trends and competitive retail market analysis;
 - (iii) known or projected changes to future loads; and
 - (iv) growth forecasts by customer class.
- (2) Analysis of the impact of any demand side and renewable energy initiatives. This analysis shall include:
 - (i) the impact of demand response programs, both current and projected;
 - (ii) supply side needs that are projected to be offset by purchases of renewable energy resources, if any; and
 - (iii) the impact of energy efficiency programs, both current and projected.
- (3) A plan for meeting the expected load requirements that will not be met through preexisting contracts. This plan shall include:
 - (i) definitions of the different retail customer classes for which supply is being purchased;
 - (ii) the proposed mix of demand-response products for which contracts will be executed during the next year. The cost-effective demand-response measures shall be procured whenever the cost is lower than procuring comparable capacity products, provided that such products shall:
 - (A) be procured by a demand-response provider from eligible retail customers;
 - (B) at least satisfy the demand-response requirements of the regional transmission organization market in which the utility's service territory is located, including, but not limited to, any applicable capacity or dispatch requirements;
 - (C) provide for customers' participation in the stream of benefits produced by the demand response products;
 - (D) provide for reimbursement by the demand-response provider of the utility for any costs incurred as a result of the failure of the supplier of such products to perform its obligations thereunder; and
 - (E) meet the same credit requirements as apply to suppliers of capacity, in the applicable regional transmission organization market;
 - ~~(iii) (ii)~~ monthly forecasted system supply requirements, including expected minimum, maximum, and average values for the planning period;
 - ~~(iv) (iii)~~ the proposed mix and selection of standard wholesale products for which contracts will be executed during the next year, separately or in combination, to meet that portion of its load requirements not met through pre-existing contracts, including but not limited to monthly 5 x 16 peak period block energy, monthly off-peak wrap energy, monthly 7 x 24 energy, annual 5 x 16 energy, annual off-peak wrap energy, annual 7 x 24 energy, monthly capacity, annual capacity, peak load capacity obligations, capacity purchase plan, and ancillary services;
 - ~~(v) (iv)~~ proposed term structures for each wholesale product type included in the proposed procurement plan portfolio of products; and
 - ~~(vi) (v)~~ an assessment of the price risk, load uncertainty, and other factors that are associated with the proposed procurement plan; this assessment, to the extent possible, shall include an analysis of the following factors: contract terms, time frames for securing products or services, fuel costs, weather patterns, transmission costs, market conditions, and the governmental regulatory environment; the proposed procurement plan shall also identify alternatives for those portfolio measures that are identified as having significant price risk.
- (4) Proposed procedures for balancing loads. The procurement plan shall include, for load requirements included in the procurement plan, the process for (i) hourly balancing of supply and demand and (ii) the criteria for portfolio re-balancing in the event of significant shifts in load.
- (c) The procurement process set forth in Section 1-75 of the Illinois Power Agency Act and subsection (e) of this Section shall be administered by a procurement administrator and monitored by a procurement monitor.
 - (1) The procurement administrator shall:
 - (i) design the final procurement process in accordance with Section 1-75 of the Illinois Power Agency Act and subsection (e) of this Section following Commission approval of the procurement plan;
 - (ii) develop benchmarks in accordance with subsection (e)(3) to be used to evaluate bids; these benchmarks shall be submitted to the Commission for review and approval on a

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confidential basis prior to the procurement event;

- (iii) serve as the interface between the electric utility and suppliers;
- (iv) manage the bidder pre-qualification and registration process;
- (v) obtain the electric utilities' agreement to the final form of all supply contracts and credit collateral agreements;
- (vi) administer the request for proposals process;
- (vii) have the discretion to negotiate to determine whether bidders are willing to

lower the price of bids that meet the benchmarks approved by the Commission; any post-bid negotiations with bidders shall be limited to price only and shall be completed within 24 hours after opening the sealed bids and shall be conducted in a fair and unbiased manner; in conducting the negotiations, there shall be no disclosure of any information derived from proposals submitted by competing bidders; if information is disclosed to any bidder, it shall be provided to all competing bidders;

- (viii) maintain confidentiality of supplier and bidding information in a manner consistent with all applicable laws, rules, regulations, and tariffs;
- (ix) submit a confidential report to the Commission recommending acceptance or rejection of bids;
- (x) notify the utility of contract counterparties and contract specifics; and
- (xi) administer related contingency procurement events.

(2) The procurement monitor, who shall be retained by the Commission, shall:

- (i) monitor interactions among the procurement administrator, suppliers, and utility;
- (ii) monitor and report to the Commission on the progress of the procurement process;
- (iii) provide an independent confidential report to the Commission regarding the results of the procurement event;

(iv) assess compliance with the procurement plans approved by the Commission for each utility that on December 31, 2005 provided electric service to a least 100,000 customers in Illinois;

- (v) preserve the confidentiality of supplier and bidding information in a manner consistent with all applicable laws, rules, regulations, and tariffs;

(vi) provide expert advice to the Commission and consult with the procurement administrator regarding issues related to procurement process design, rules, protocols, and policy-related matters; and

- (vii) consult with the procurement administrator regarding the development and use of benchmark criteria, standard form contracts, credit policies, and bid documents.

(d) Except as provided in subsection (j), the planning process shall be conducted as follows:

(1) Beginning in 2008, each Illinois utility procuring power pursuant to this Section shall annually provide a range of load forecasts to the Illinois Power Agency by July 15 of each year, or such other date as may be required by the Commission or Agency. The load forecasts shall cover the 5-year procurement planning period for the next procurement plan and shall include hourly data representing a high-load, low-load and expected-load scenario for the load of the eligible retail customers. The utility shall provide supporting data and assumptions for each of the scenarios.

(2) Beginning in 2008, the Illinois Power Agency shall prepare a procurement plan by August 15th of each year, or such other date as may be required by the Commission. The procurement plan shall identify the portfolio of demand-response and power and energy products to be procured. Cost-effective demand-response measures shall be procured as set forth in item (iii) of subsection (b) of this Section. Copies of the procurement plan shall be posted and made publicly available on the Agency's and Commission's websites, and copies shall also be provided to each affected electric utility. An affected utility shall have 30 days following the date of posting to provide comment to the Agency on the procurement plan. Other interested entities also may comment on the procurement plan. All comments submitted to the Agency shall be specific, supported by data or other detailed analyses, and, if objecting to all or a portion of the procurement plan, accompanied by specific alternative wording or proposals. All comments shall be posted on the Agency's and Commission's websites. During this 30-day comment period, the Agency shall hold at least one public hearing within each utility's service area for the purpose of receiving public comment on the procurement plan. Within 14 days following the end of the 30-day review period, the Agency shall revise the procurement plan as necessary based on the comments received and file the procurement plan with the Commission and post the procurement plan on the websites.

(3) Within 5 days after the filing of the procurement plan, any person objecting to the procurement plan shall file an objection with the Commission. Within 10 days after the filing, the

Commission shall determine whether a hearing is necessary. The Commission shall enter its order confirming or modifying the procurement plan within 90 days after the filing of the procurement plan by the Illinois Power Agency.

(4) The Commission shall approve the procurement plan, including expressly the forecast used in the procurement plan, if the Commission determines that it will 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.

(e) The procurement process shall include each of the following components:

(1) Solicitation, pre-qualification, and registration of bidders. The procurement administrator shall disseminate information to potential bidders to promote a procurement event, notify potential bidders that the procurement administrator may enter into a post-bid price negotiation with bidders that meet the applicable benchmarks, provide supply requirements, and otherwise explain the competitive procurement process. In addition to such other publication as the procurement administrator determines is appropriate, this information shall be posted on the Illinois Power Agency's and the Commission's websites. The procurement administrator shall also administer the prequalification process, including evaluation of credit worthiness, compliance with procurement rules, and agreement to the standard form contract developed pursuant to paragraph (2) of this subsection (e). The procurement administrator shall then identify and register bidders to participate in the procurement event.

(2) Standard contract forms and credit terms and instruments. The procurement administrator, in consultation with the utilities, the Commission, and other interested parties and subject to Commission oversight, shall develop and provide standard contract forms for the supplier contracts that meet generally accepted industry practices. Standard credit terms and instruments that meet generally accepted industry practices shall be similarly developed. The procurement administrator shall make available to the Commission all written comments it receives on the contract forms, credit terms, or instruments. If the procurement administrator cannot reach agreement with the applicable electric utility as to the contract terms and conditions, the procurement administrator must notify the Commission of any disputed terms and the Commission shall resolve the dispute. The terms of the contracts shall not be subject to negotiation by winning bidders, and the bidders must agree to the terms of the contract in advance so that winning bids are selected solely on the basis of price.

(3) Establishment of a market-based price benchmark. As part of the development of the procurement process, the procurement administrator, in consultation with the Commission staff, Agency staff, and the procurement monitor, shall establish benchmarks for evaluating the final prices in the contracts for each of the products that will be procured through the procurement process. The benchmarks shall be based on price data for similar products for the same delivery period and same delivery hub, or other delivery hubs after adjusting for that difference. The price benchmarks may also be adjusted to take into account differences between the information reflected in the underlying data sources and the specific products and procurement process being used to procure power for the Illinois utilities. The benchmarks shall be confidential but shall be provided to, and will be subject to Commission review and approval, prior to a procurement event.

(4) Request for proposals competitive procurement process. The procurement administrator shall design and issue a request for proposals to supply electricity in accordance with each utility's procurement plan, as approved by the Commission. The request for proposals shall set forth a procedure for sealed, binding commitment bidding with pay-as-bid settlement, and provision for selection of bids on the basis of price.

(5) A plan for implementing contingencies in the event of supplier default or failure of the procurement process to fully meet the expected load requirement due to insufficient supplier participation, Commission rejection of results, or any other cause.

(i) Event of supplier default: In the event of supplier default, the utility shall review the contract of the defaulting supplier to determine if the amount of supply is 200 megawatts or greater, and if there are more than 60 days remaining of the contract term. If both of these conditions are met, and the default results in termination of the contract, the utility shall immediately notify the Illinois Power Agency that a request for proposals must be issued to procure replacement power, and the procurement administrator shall run an additional procurement event. If the contracted supply of the defaulting supplier is less than 200 megawatts or there are less than 60 days remaining of the contract term, the utility shall procure power and energy from the applicable regional transmission organization market, including ancillary services, capacity, and day-ahead or real time energy, or both, for the duration of the contract term to replace the contracted supply; provided, however, that if a needed product is not available through the regional transmission

organization market it shall be purchased from the wholesale market.

(ii) Failure of the procurement process to fully meet the expected load requirement:

If the procurement process fails to fully meet the expected load requirement due to insufficient supplier participation or due to a Commission rejection of the procurement results, the procurement administrator, the procurement monitor, and the Commission staff shall meet within 10 days to analyze potential causes of low supplier interest or causes for the Commission decision. If changes are identified that would likely result in increased supplier participation, or that would address concerns causing the Commission to reject the results of the prior procurement event, the procurement administrator may implement those changes and rerun the request for proposals process according to a schedule determined by those parties and consistent with Section 1-75 of the Illinois Power Agency Act and this subsection. In any event, a new request for proposals process shall be implemented by the procurement administrator within 90 days after the determination that the procurement process has failed to fully meet the expected load requirement.

(iii) In all cases where there is insufficient supply provided under contracts

awarded through the procurement process to fully meet the electric utility's load requirement, the utility shall meet the load requirement by procuring power and energy from the applicable regional transmission organization market, including ancillary services, capacity, and day-ahead or real time energy or both; provided, however, that if a needed product is not available through the regional transmission organization market it shall be purchased from the wholesale market.

(6) The procurement process described in this subsection is exempt from the requirements of the Illinois Procurement Code, pursuant to Section 20-10 of that Code.

(f) Within 2 business days after opening the sealed bids, the procurement administrator shall submit a confidential report to the Commission. The report shall contain the results of the bidding for each of the products along with the procurement administrator's recommendation for the acceptance and rejection of bids based on the price benchmark criteria and other factors observed in the process. The procurement monitor also shall submit a confidential report to the Commission within 2 business days after opening the sealed bids. The report shall contain the procurement monitor's assessment of bidder behavior in the process as well as an assessment of the procurement administrator's compliance with the procurement process and rules. The Commission shall review the confidential reports submitted by the procurement administrator and procurement monitor, and shall accept or reject the recommendations of the procurement administrator within 2 business days after receipt of the reports.

(g) Within 3 business days after the Commission decision approving the results of a procurement event, the utility shall enter into binding contractual arrangements with the winning suppliers using the standard form contracts; except that the utility shall not be required either directly or indirectly to execute the contracts if a tariff that is consistent with subsection (l) of this Section has not been approved and placed into effect for that utility.

(h) The names of the successful bidders and the load weighted average of the winning bid prices for each contract type and for each contract term shall be made available to the public at the time of Commission approval of a procurement event. The Commission, the procurement monitor, the procurement administrator, the Illinois Power Agency, and all participants in the procurement process shall maintain the confidentiality of all other supplier and bidding information in a manner consistent with all applicable laws, rules, regulations, and tariffs. Confidential information, including the confidential reports submitted by the procurement administrator and procurement monitor pursuant to subsection (f) of this Section, shall not be made publicly available and shall not be discoverable by any party in any proceeding, absent a compelling demonstration of need, nor shall those reports be admissible in any proceeding other than one for law enforcement purposes.

(i) Within 2 business days after a Commission decision approving the results of a procurement event or such other date as may be required by the Commission from time to time, the utility shall file for informational purposes with the Commission its actual or estimated retail supply charges, as applicable, by customer supply group reflecting the costs associated with the procurement and computed in accordance with the tariffs filed pursuant to subsection (l) of this Section and approved by the Commission.

(j) Within 60 days following the effective date of this amendatory Act, each electric utility that on December 31, 2005 provided electric service to at least 100,000 customers in Illinois shall prepare and file with the Commission an initial procurement plan, which shall conform in all material respects to the requirements of the procurement plan set forth in subsection (b); provided, however, that the Illinois Power Agency Act shall not apply to the initial procurement plan prepared pursuant to this subsection. The initial procurement plan shall identify the portfolio of power and energy products to be procured and delivered for the period June 2008 through May 2009, and shall identify the proposed procurement

administrator, who shall have the same experience and expertise as is required of a procurement administrator hired pursuant to Section 1-75 of the Illinois Power Agency Act. Copies of the procurement plan shall be posted and made publicly available on the Commission's website. The initial procurement plan may include contracts for renewable resources that extend beyond May 2009.

(i) Within 14 days following filing of the initial procurement plan, any person may file a detailed objection with the Commission contesting the procurement plan submitted by the electric utility. All objections to the electric utility's plan shall be specific, supported by data or other detailed analyses. The electric utility may file a response to any objections to its procurement plan within 7 days after the date objections are due to be filed. Within 7 days after the date the utility's response is due, the Commission shall determine whether a hearing is necessary. If it determines that a hearing is necessary, it shall require the hearing to be completed and issue an order on the procurement plan within 60 days after the filing of the procurement plan by the electric utility.

(ii) The order shall approve or modify the procurement plan, approve an independent procurement administrator, and approve or modify the electric utility's tariffs that are proposed with the initial procurement plan. The Commission shall approve the procurement plan if the Commission determines that it will 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.

(k) In order to promote price stability for residential and small commercial customers during the transition to competition in Illinois, and notwithstanding any other provision of this Act, each electric utility subject to this Section shall enter into one or more multi-year financial swap contracts that become effective on the effective date of this amendatory Act. These contracts may be executed with generators and power marketers, including affiliated interests of the electric utility. These contracts shall be for a term of no more than 5 years and shall, for each respective utility or for any Illinois electric utilities that are affiliated by virtue of a common parent company and that are thereby considered a single electric utility for purposes of this subsection (k), not exceed in the aggregate 3,000 megawatts for any hour of the year. The contracts shall be financial contracts and not energy sales contracts. The contracts shall be executed as transactions under a negotiated master agreement based on the form of master agreement for financial swap contracts sponsored by the International Swaps and Derivatives Association, Inc. and shall be considered pre-existing contracts in the utilities' procurement plans for residential and small commercial customers. Costs incurred pursuant to a contract authorized by this subsection (k) shall be deemed prudently incurred and reasonable in amount and the electric utility shall be entitled to full cost recovery pursuant to the tariffs filed with the Commission.

(l) An electric utility shall recover its costs incurred under this Section, including, but not limited to, the costs of procuring power and energy demand-response resources under this Section. The utility shall file with the initial procurement plan its proposed tariffs through which its costs of procuring power that are incurred pursuant to a Commission-approved procurement plan and those other costs identified in this subsection (l), will be recovered. The tariffs shall include a formula rate or charge designed to pass through both the costs incurred by the utility in procuring a supply of electric power and energy for the applicable customer classes with no mark-up or return on the price paid by the utility for that supply, plus any just and reasonable costs that the utility incurs in arranging and providing for the supply of electric power and energy. The formula rate or charge shall also contain provisions that ensure that its application does not result in over or under recovery due to changes in customer usage and demand patterns, and that provide for the correction, on at least an annual basis, of any accounting errors that may occur. A utility shall recover through the tariff all reasonable costs incurred to implement or comply with any procurement plan that is developed and put into effect pursuant to Section 1-75 of the Illinois Power Agency Act and this Section, including any fees assessed by the Illinois Power Agency, costs associated with load balancing, and contingency plan costs. The electric utility shall also recover its full costs of procuring electric supply for which it contracted before the effective date of this Section in conjunction with the provision of full requirements service under fixed-price bundled service tariffs subsequent to December 31, 2006. All such costs shall be deemed to have been prudently incurred. The pass-through tariffs that are filed and approved pursuant to this Section shall not be subject to review under, or in any way limited by, Section 16-111(i) of this Act.

(m) The Commission has the authority to adopt rules to carry out the provisions of this Section. For the public interest, safety, and welfare, the Commission also has authority to adopt rules to carry out the provisions of this Section on an emergency basis immediately following the effective date of this amendatory Act.

(n) Notwithstanding any other provision of this Act, any affiliated electric utilities that submit a single procurement plan covering their combined needs may procure for those combined needs in conjunction with that plan, and may enter jointly into power supply contracts, purchases, and other procurement

arrangements, and allocate capacity and energy and cost responsibility therefor among themselves in proportion to their requirements.

(o) On or before June 1 of each year, the Commission shall hold an informal hearing for the purpose of receiving comments on the prior year's procurement process and any recommendations for change.

(p) An electric utility subject to this Section may propose to invest, lease, own, or operate an electric generation facility as part of its procurement plan, provided the utility demonstrates that such facility is the least-cost option to provide electric service to eligible retail customers. If the facility is shown to be the least-cost option and is included in a procurement plan prepared in accordance with Section 1-75 of the Illinois Power Agency Act and this Section, then the electric utility shall make a filing pursuant to Section 8-406 of the Act, and may request of the Commission any statutory relief required thereunder. If the Commission grants all of the necessary approvals for the proposed facility, such supply shall thereafter be considered as a pre-existing contract under subsection (b) of this Section. The Commission shall in any order approving a proposal under this subsection specify how the utility will recover the prudently incurred costs of investing in, leasing, owning, or operating such generation facility through just and reasonable rates charged to eligible retail customers. Cost recovery for facilities included in the utility's procurement plan pursuant to this subsection shall not be subject to review under or in any way limited by the provisions of Section 16-111(j) of this Act. Nothing in this Section is intended to prohibit a utility from filing for a fuel adjustment clause as is otherwise permitted under Section 9-220 of this Act.

(Source: P.A. 95-481, eff. 8-28-07.)

(220 ILCS 5/16-115)

Sec. 16-115. Certification of alternative retail electric suppliers.

(a) Any alternative retail electric supplier must obtain a certificate of service authority from the Commission in accordance with this Section before serving any retail customer or other user located in this State. An alternative retail electric supplier may request, and the Commission may grant, a certificate of service authority for the entire State or for a specified geographic area of the State.

(b) An alternative retail electric supplier seeking a certificate of service authority shall file with the Commission a verified application containing information showing that the applicant meets the requirements of this Section. The alternative retail electric supplier shall publish notice of its application in the official State newspaper within 10 days following the date of its filing. No later than 45 days after the application is properly filed with the Commission, and such notice is published, the Commission shall issue its order granting or denying the application.

(c) An application for a certificate of service authority shall identify the area or areas in which the applicant intends to offer service and the types of services it intends to offer. Applicants that seek to serve residential or small commercial retail customers within a geographic area that is smaller than an electric utility's service area shall submit evidence demonstrating that the designation of this smaller area does not violate Section 16-115A. An applicant that seeks to serve residential or small commercial retail customers may state in its application for certification any limitations that will be imposed on the number of customers or maximum load to be served.

(d) The Commission shall grant the application for a certificate of service authority if it makes the findings set forth in this subsection based on the verified application and such other information as the applicant may submit:

(1) That the applicant possesses sufficient technical, financial and managerial resources and abilities to provide the service for which it seeks a certificate of service authority. In determining the level of technical, financial and managerial resources and abilities which the applicant must demonstrate, the Commission shall consider (i) the characteristics, including the size and financial sophistication, of the customers that the applicant seeks to serve, and (ii) whether the applicant seeks to provide electric power and energy using property, plant and equipment which it owns, controls or operates;

(2) That the applicant will comply with all applicable federal, State, regional and industry rules, policies, practices and procedures for the use, operation, and maintenance of the safety, integrity and reliability, of the interconnected electric transmission system;

(3) That the applicant will only provide service to retail customers in an electric utility's service area that are eligible to take delivery services under this Act;

(4) That the applicant will comply with such informational or reporting requirements as the Commission may by rule establish and provide the information required by Section 16-112. Any data related to contracts for the purchase and sale of electric power and energy shall be made available for review by the Staff of the Commission on a confidential and proprietary basis and only to the extent and for the purposes which the Commission determines are reasonably necessary in order to

carry out the purposes of this Act;

(5) That the applicant will procure renewable energy resources and will source electricity from clean coal facilities, as defined in Section 1-10 of the Illinois Power Agency Act, in amounts at least equal to the percentages set forth in subsections (c) and (d) of Section 1-75 of the Illinois Power Agency Act. For purposes of this Section:

(i) the required procurement of renewable energy resources shall be measured as a percentage of the actual amount of electricity (megawatt-hours) supplied by the alternative retail electric supplier in the prior calendar year, as reported for that year to the Commission. This obligation applies to all electricity supplied pursuant to retail contracts executed, extended, or otherwise revised after the effective date of this amendatory Act, provided the alternative retail electric supplier submits all documentation needed by the Commission to determine the actual amount of electricity supplied under contracts that may be excluded under this limitation;

(ii) an alternative retail electric supplier need not actually deliver electricity to its customers to comply with this Section, provided that if the alternative retail electric supplier claims credit for such purpose, subsequent purchasers shall not receive any emission credits or renewable energy credits in connection with the purchase of such electricity. Alternative retail electric suppliers shall maintain adequate records documenting the contractual disposition of all electricity procured to comply with this Section and shall file an accounting in the report which must be filed with the Commission on April 1 of each year, starting in 2010, in accordance with subsection (d-5) of this Section;

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

(iv) all alternative retail electric suppliers shall execute a sourcing agreement to source electricity from the initial clean coal facility, on the terms set forth in paragraphs (3) and (4) of subsection (d) of Section 1-75 of the Illinois Power Agency Act, except that in lieu of the requirements in subparagraphs (A)(v), (B)(i), (C)(v), and (C)(vi) of paragraph (3) of that subsection (d), the applicant shall execute one or more of the following:

(1) if the sourcing agreement is a power purchase agreement, a contract with the initial clean coal facility to purchase in each hour an amount of electricity equal to all clean coal energy made available from the initial clean coal facility during such hour multiplied by a fraction, the numerator of which is the alternative retail electric supplier's retail market sales of electricity (expressed in kilowatthours sold) in the State during the prior calendar month and the denominator of which is the total retail market sales of electricity (expressed in kilowatthours sold) in the State by utilities during such prior month and the sales of electricity (expressed in kilowatthours sold) in the State by alternative retail electric suppliers during such prior month that are subject to the requirements of this paragraph (5) of subsection (d) of this Section and subsection (d) of Section 1-75 of the Illinois Power Agency Act; or

(2) if the sourcing agreement is a contract for differences, a contract with the initial clean coal facility in each hour with respect to an amount of electricity equal to all clean coal energy made available from the initial clean coal facility during such hour multiplied by a fraction, the numerator of which is the alternative retail electric supplier's retail market sales of electricity (expressed in kilowatthours sold) in the State during the prior calendar month and the denominator of which is the total retail market sales of electricity (expressed in kilowatthours sold) in the State by utilities during such prior month and the sales of electricity (expressed in kilowatthours sold) in the State by alternative retail electric suppliers during such prior month that are subject to the requirements of this paragraph (5) of subsection (d) of this Section and subsection (d) of Section 1-75 of the Illinois Power Agency Act;

(v) if, in any year after the first year of commercial operation, the owner of the clean coal facility fails to demonstrate to the Commission that the initial clean coal facility captured and sequestered at least 50% of the total carbon emissions that the facility would otherwise emit or that sequestration of emissions from prior years has failed, resulting in the release of carbon into the atmosphere, the owner of the facility must offset excess emissions. Any such carbon offsets must be permanent, additional, verifiable, real, located within the State of Illinois, and legally and practicably enforceable. The costs of any such offsets that are not recoverable shall not exceed \$15 million in any given year. No costs of any such purchases of carbon offsets may be recovered from an alternative retail electric supplier or its customers. All carbon offsets purchased for this purpose and any carbon emission credits associated with sequestration of carbon from the facility must be permanently retired. The initial clean coal facility shall not forfeit its designation as a clean coal facility if the facility fails to fully comply with the applicable carbon sequestration requirements in any given year, provided the requisite offsets are purchased.

However, the Attorney General, on behalf of the People of the State of Illinois, may specifically enforce the facility's sequestration requirement and the other terms of this contract provision. Compliance with the sequestration requirements and offset purchase requirements that apply to the initial clean coal facility shall be reviewed annually by an independent expert retained by the owner of the initial clean coal facility, with the advance written approval of the Attorney General (Blank);

(6) With respect to an applicant that seeks to serve residential or small commercial retail customers, that the area to be served by the applicant and any limitations it proposes on the number of customers or maximum amount of load to be served meet the provisions of Section 16-115A, provided, that the Commission can extend the time for considering such a certificate request by up to 90 days, and can schedule hearings on such a request;

(7) That the applicant meets the requirements of subsection (a) of Section 16-128; and

(8) That the applicant will comply with all other applicable laws and regulations.

(d-5) The Commission shall, after notice and hearing, revoke the certification of any alternative retail electric supplier that fails to execute a sourcing agreement with the initial clean coal facility, as required by item (5) of subsection (d) of this Section. The sourcing agreements with this initial clean coal facility shall be subject to both approval of the initial clean coal facility by the General Assembly and satisfaction of the requirements of paragraph (4) of subsection (d) of Section 1-75 of the Illinois Power Agency Act, and shall be executed within 90 days after any such approval by the General Assembly. The Commission shall also revoke the certification of any alternative retail electric supplier that, on April 1, 2010 or on April 1 of any year thereafter, fails to demonstrate that the electricity provided to the alternative retail electricity supplier's Illinois customers during the previous year was generated by renewable energy resources and clean coal facilities in amounts at least equal to the percentages set forth in subsections (c) and (d) of Section 1-75 of the Illinois Power Agency Act, as limited by subsection (d)(5)(iii) of this Section. The Commission shall not accept an application for certification from an alternative retail electric supplier that has lost certification under this subsection (d-5), or any corporate affiliate thereof, for at least one year from the date of revocation.

(e) A retail customer that owns a cogeneration or self-generation facility and that seeks certification only to provide electric power and energy from such facility to retail customers at separate locations which customers are both (i) owned by, or a subsidiary or other corporate affiliate of, such applicant and (ii) eligible for delivery services, shall be granted a certificate of service authority upon filing an application and notifying the Commission that it has entered into an agreement with the relevant electric utilities pursuant to Section 16-118. Provided, however, that if the retail customer owning such cogeneration or self-generation facility would not be charged a transition charge due to the exemption provided under subsection (f) of Section 16-108 prior to the certification, and the retail customers at separate locations are taking delivery services in conjunction with purchasing power and energy from the facility, the retail customer on whose premises the facility is located shall not thereafter be required to pay transition charges on the power and energy that such retail customer takes from the facility.

(f) The Commission shall have the authority to promulgate rules and regulations to carry out the provisions of this Section. On or before May 1, 1999, the Commission shall adopt a rule or rules applicable to the certification of those alternative retail electric suppliers that seek to serve only nonresidential retail customers with maximum electrical demands of one megawatt or more which shall provide for (i) expedited and streamlined procedures for certification of such alternative retail electric suppliers and (ii) specific criteria which, if met by any such alternative retail electric supplier, shall constitute the demonstration of technical, financial and managerial resources and abilities to provide service required by subsection (d) (1) of this Section, such as a requirement to post a bond or letter of credit, from a responsible surety or financial institution, of sufficient size for the nature and scope of the services to be provided; demonstration of adequate insurance for the scope and nature of the services to be provided; and experience in providing similar services in other jurisdictions.

(Source: P.A. 95-130, eff. 1-1-08.)

(220 ILCS 5/16-116)

Sec. 16-116. Commission oversight of electric utilities serving retail customers outside their service areas or providing competitive, non-tariffed services.

(a) An electric utility that has a tariff on file for delivery services may, without regard to any otherwise applicable tariffs on file, provide electric power and energy to one or more retail customers located outside its service area, but only to the extent (i) such retail customer (A) is eligible for delivery services under any delivery services tariff filed with the Commission by the electric utility in whose service area the retail customer is located and (B) has either elected to take such delivery services or has paid or contracted to pay the charges specified in Sections 16-108 and 16-114, or (ii) if such retail customer is served by a municipal system or electric cooperative, the customer is eligible for delivery

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services under the terms and conditions for such service established by the municipal system or electric cooperative serving that customer.

(b) An electric utility may offer any competitive service to any customer or group of customers without filing contracts with or seeking approval of the Commission, notwithstanding any rule or regulation that would require such approval. The Commission shall not increase or decrease the prices, and may not alter or add to the terms and conditions for the utility's competitive services, from those agreed to by the electric utility and the customer or customers. Non-tariffed, competitive services shall not be subject to the provisions of the Electric Supplier Act or to Articles V, VII, VIII or IX of the Act, except to the extent that any provisions of such Articles are made applicable to alternative retail electric suppliers pursuant to Sections 16-115 and 16-115A, but shall be subject to the provisions of subsections (b) through (g) of Section 16-115A, and Section 16-115B to the same extent such provisions are applicable to the services provided by alternative retail electric suppliers.

(c) Electric utilities serving retail customers outside their service areas shall be subject to the requirements of paragraph (5) of subsection (d) of Section 16-115 of the Public Utilities Act.
(Source: P.A. 90-561, eff. 12-16-97.)

ARTICLE 5

Section 5-5. The Public Utilities Act is amended by changing Section 2-203 as follows:
(220 ILCS 5/2-203)

(Section scheduled to be repealed on January 1, 2009)

Sec. 2-203. Public Utility Fund base maintenance contribution. ~~Each For each of the years 2003 through 2008, each~~ electric utility as defined in Section 16-102 of this Act providing service to more than 12,500 customers in this State on January 1, 1995 shall contribute annually a pro rata share of a total amount of \$5,500,000 based upon the number of kilowatt-hours delivered to retail customers within this State by each such electric utility in the 12 months preceding the year of contribution. On or before May 1 of each year, the Illinois Commerce Commission shall determine and notify the Illinois Department of Revenue of the pro rata share owed by each electric utility based upon information supplied annually to the Commission. On or before June 1 of each year, the Department of Revenue shall send written notification to each electric utility of the amount of pro rata share they owe. These contributions shall be remitted to the Department of Revenue no earlier than July 1 and no later than July 31 of each year the contribution is due on a return prescribed and furnished by the Department of Revenue showing such information as the Department of Revenue may reasonably require. The Department of Revenue shall place the funds remitted under this Section in the Public Utility Fund in the State treasury. The funds received pursuant to this Section shall be subject to appropriation by the General Assembly. If an electric utility does not remit its pro rata share to the Department of Revenue, the Department of Revenue must inform the Illinois Commerce Commission of such failure. The Illinois Commerce Commission may then revoke the certification of that electric utility. This Section is repealed on January 1, 2014 ~~2009~~.
(Source: P.A. 92-600, eff. 6-28-02.)

ARTICLE 10.

Section 10-5. The Public Utilities Act is amended by changing Section 16-125 as follows:
(220 ILCS 5/16-125)

Sec. 16-125. Transmission and distribution reliability requirements.

(a) To assure the reliable delivery of electricity to all customers in this State and the effective implementation of the provisions of this Article, the Commission shall, within 180 days of the effective date of this Article, adopt rules and regulations for assessing and assuring the reliability of the transmission and distribution systems and facilities that are under the Commission's jurisdiction.

(b) These rules and regulations shall require each electric utility or alternative retail electric supplier owning, controlling, or operating transmission and distribution facilities and equipment subject to the Commission's jurisdiction, referred to in this Section as "jurisdictional entities", to adopt and implement procedures for restoring transmission and distribution services to customers after transmission or distribution outages on a nondiscriminatory basis without regard to whether a customer has chosen the electric utility, an affiliate of the electric utility, or another entity as its provider of electric power and energy. These rules and regulations shall also, at a minimum, specifically require each jurisdictional entity to submit annually to the Commission.

(1) the number and duration of planned and unplanned outages during the prior year and

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their impacts on customers;

(2) outages that were controllable and outages that were exacerbated in scope or duration by the condition of facilities, equipment or premises or by the actions or inactions of operating personnel or agents;

(3) customer service interruptions that were due solely to the actions or inactions of an alternative retail electric supplier or a public utility in supplying power or energy;

(4) a detailed report of the age, current condition, reliability and performance of the jurisdictional entity's existing transmission and distribution facilities, which shall include, without limitation, the following data:

(i) a summary of the jurisdictional entity's outages and voltage variances reportable under the Commission's rules;

(ii) the jurisdictional entity's expenditures for transmission construction and maintenance, the ratio of those expenditures to the jurisdictional entity's transmission investment, and the average remaining depreciation lives of the entity's transmission facilities, expressed as a percentage of total depreciation lives;

(iii) the jurisdictional entity's expenditures for distribution construction and maintenance, the ratio of those expenditures to the jurisdictional entity's distribution investment, and the average remaining depreciation lives of the entity's distribution facilities, expressed as a percentage of total depreciation lives;

(iv) a customer satisfaction survey covering, among other areas identified in Commission rules, reliability, customer service, and understandability of the jurisdictional entity's services and prices; and

(v) the corresponding information, in the same format, for the previous 3 years, if available;

(5) a plan for future investment and reliability improvements for the jurisdictional entity's transmission and distribution facilities that will ensure continued reliable delivery of energy to customers and provide the delivery reliability needed for fair and open competition; and

(6) a report of the jurisdictional entity's implementation of its plan filed pursuant to subparagraph (5) for the previous reporting period.

(c) The Commission rules shall set forth the criteria that will be used to assess each jurisdictional entity's annual report and evaluate its reliability performance. Such criteria must take into account, at a minimum: the items required to be reported in subsection (b); the relevant characteristics of the area served; the age and condition of the system's equipment and facilities; good engineering practices; the costs of potential actions; and the benefits of avoiding the risks of service disruption.

(d) At least every 3 years, beginning in the year the Commission issues the rules required by subsection (a) or the following year if the rules are issued after June 1, the Commission shall assess the annual report of each jurisdictional entity and evaluate its reliability performance. The Commission's evaluation shall include specific identification of, and recommendations concerning, any potential reliability problems that it has identified as a result of its evaluation.

(e) In the event that more than either (i) 30,000 (or some other number, but only as provided by statute) of the total customers or (ii) 0.8% (or some other percentage, but only as provided by statute) of the total customers, whichever is less, of an electric utility are subjected to a continuous power interruption of 4 hours or more that results in the transmission of power at less than 50% of the standard voltage, or that results in the total loss of power transmission, the utility shall be responsible for compensating customers affected by that interruption for 4 hours or more for all actual damages, which shall not include consequential damages, suffered as a result of the power interruption. The utility shall also reimburse the affected municipality, county, or other unit of local government in which the power interruption has taken place for all emergency and contingency expenses incurred by the unit of local government as a result of the interruption. A waiver of the requirements of this subsection may be granted by the Commission in instances in which the utility can show that the power interruption was a result of any one or more of the following causes:

(1) Unpreventable damage due to weather events or conditions.

(2) Customer tampering.

(3) Unpreventable damage due to civil or international unrest or animals.

(4) Damage to utility equipment or other actions by a party other than the utility, its employees, agents, or contractors.

Loss of revenue and expenses incurred in complying with this subsection may not be recovered from ratepayers.

(f) In the event of a power surge or other fluctuation that causes damage and affects more than either

(i) 30,000 (or some other number, but only as provided by statute) of the total customers or (ii) 0.8% (or some other percentage, but only as provided by statute) of the total customers, whichever is less, the electric utility shall pay to affected customers the replacement value of all goods damaged as a result of the power surge or other fluctuation unless the utility can show that the power surge or other fluctuation was due to one or more of the following causes:

- (1) Unpreventable damage due to weather events or conditions.
- (2) Customer tampering.
- (3) Unpreventable damage due to civil or international unrest or animals.
- (4) Damage to utility equipment or other actions by a party other than the utility, its employees, agents, or contractors.

Loss of revenue and expenses incurred in complying with this subsection may not be recovered from ratepayers. Customers with respect to whom a waiver has been granted by the Commission pursuant to subparagraphs (1)-(4) of subsections (e) and (f) shall not count toward the either (i) 30,000 (or some other number, but only as provided by statute) of the total customers or (ii) 0.8% (or some other percentage, but only as provided by statute) of the total customers required therein.

(g) Whenever an electric utility must perform planned or routine maintenance or repairs on its equipment that will result in transmission of power at less than 50% of the standard voltage, loss of power, or power fluctuation (as defined in subsection (f)), the utility shall make reasonable efforts to notify potentially affected customers no less than 24 hours in advance of performance of the repairs or maintenance.

(h) Remedies provided for under this Section may be sought exclusively through the Illinois Commerce Commission as provided under Section 10-109 of this Act. Damages awarded under this Section for a power interruption shall be limited to actual damages, which shall not include consequential damages, and litigation costs. A utility's request for a waiver of this Section shall be timely if filed no later than 30 days after the date on which a claim is filed with the Commission seeking damages or expense reimbursement under this Section. No utility shall be liable under this Section while a request for waiver is pending. Damage awards may not be paid out of utility rate funds.

(i) The provisions of this Section shall not in any way diminish or replace other civil or administrative remedies available to a customer or a class of customers.

(j) The Commission shall by rule require an electric utility to maintain service records detailing information on each instance of transmission of power at less than 50% of the standard voltage, loss of power, or power fluctuation (as defined in subsection (f)), that affects 10 or more customers. Occurrences that are momentary shall not be required to be recorded or reported. The service record shall include, for each occurrence, the following information:

- (1) The date.
- (2) The time of occurrence.
- (3) The duration of the incident.
- (4) The number of customers affected.
- (5) A description of the cause.
- (6) The geographic area affected.
- (7) The specific equipment involved in the fluctuation or interruption.
- (8) A description of measures taken to restore service.
- (9) A description of measures taken to remedy the cause of the power interruption or fluctuation.
- (10) A description of measures taken to prevent future occurrence.
- (11) The amount of remuneration, if any, paid to affected customers.
- (12) A statement of whether the fixed charge was waived for affected customers.

Copies of the records containing this information shall be available for public inspection at the utility's offices, and copies thereof may be obtained upon payment of a fee not exceeding the reasonable cost of reproduction. A copy of each record shall be filed with the Commission and shall be available for public inspection. Copies of the records may be obtained upon payment of a fee not exceeding the reasonable cost of reproduction.

(k) The requirements of subsections (e) through (j) of this Section shall apply only to an electric public utility having 100,000 ~~1,000,000~~ or more customers.

(Source: P.A. 90-561, eff. 12-16-97.)

ARTICLE 15

Section 15-5. The Public Utilities Act is amended by changing Section 2-202 as follows:

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(220 ILCS 5/2-202) (from Ch. 111 2/3, par. 2-202)
 Sec. 2-202. Policy; Public Utility Fund; tax.

(a) It is declared to be the public policy of this State that in order to maintain and foster the effective regulation of public utilities under this Act in the interests of the People of the State of Illinois and the public utilities as well, the public utilities subject to regulation under this Act and which enjoy the privilege of operating as public utilities in this State, shall bear the expense of administering this Act by means of a tax on such privilege measured by the annual gross revenue of such public utilities in the manner provided in this Section. For purposes of this Section, "expense of administering this Act" includes any costs incident to studies, whether made by the Commission or under contract entered into by the Commission, concerning environmental pollution problems caused or contributed to by public utilities and the means for eliminating or abating those problems. Such proceeds shall be deposited in the Public Utility Fund in the State treasury.

(b) All of the ordinary and contingent expenses of the Commission incident to the administration of this Act shall be paid out of the Public Utility Fund except the compensation of the members of the Commission which shall be paid from the General Revenue Fund. Notwithstanding other provisions of this Act to the contrary, the ordinary and contingent expenses of the Commission incident to the administration of the Illinois Commercial Transportation Law may be paid from appropriations from the Public Utility Fund through the end of fiscal year 1986.

(c) A tax is imposed upon each public utility subject to the provisions of this Act equal to .08% of its gross revenue for each calendar year commencing with the calendar year beginning January 1, 1982, except that the Commission may, by rule, establish a different rate no greater than 0.1%. For purposes of this Section, "gross revenue" shall not include revenue from the production, transmission, distribution, sale, delivery, or furnishing of electricity. "Gross revenue" shall not include amounts paid by telecommunications retailers under the Telecommunications Infrastructure Maintenance Fee Act.

(d) Annual gross revenue returns shall be filed in accordance with paragraph (1) or (2) of this subsection (d).

(1) Except as provided in paragraph (2) of this subsection (d), on or before January 10

of each year each public utility subject to the provisions of this Act shall file with the Commission an estimated annual gross revenue return containing an estimate of the amount of its gross revenue for the calendar year commencing January 1 of said year and a statement of the amount of tax due for said calendar year on the basis of that estimate. Public utilities may also file revised returns containing updated estimates and updated amounts of tax due during the calendar year. These revised returns, if filed, shall form the basis for quarterly payments due during the remainder of the calendar year. In addition, on or before March 31 of each year, each public utility shall file an amended return showing the actual amount of gross revenues shown by the company's books and records as of December 31 of the previous year. Forms and instructions for such estimated, revised, and amended returns shall be devised and supplied by the Commission.

(2) Beginning with returns due after January 1, 2002, the requirements of paragraph (1)

of this subsection (d) shall not apply to any public utility in any calendar year for which the total tax the public utility owes under this Section is less than \$10,000. For such public utilities with respect to such years, the public utility shall file with the Commission, on or before March 31 of the following year, an annual gross revenue return for the year and a statement of the amount of tax due for that year on the basis of such a return. Forms and instructions for such returns and corrected returns shall be devised and supplied by the Commission.

(e) All returns submitted to the Commission by a public utility as provided in this subsection (e) or subsection (d) of this Section shall contain or be verified by a written declaration by an appropriate officer of the public utility that the return is made under the penalties of perjury. The Commission may audit each such return submitted and may, under the provisions of Section 5-101 of this Act, take such measures as are necessary to ascertain the correctness of the returns submitted. The Commission has the power to direct the filing of a corrected return by any utility which has filed an incorrect return and to direct the filing of a return by any utility which has failed to submit a return. A taxpayer's signing a fraudulent return under this Section is perjury, as defined in Section 32-2 of the Criminal Code of 1961.

(f) (1) For all public utilities subject to paragraph (1) of subsection (d), at least one quarter of the annual amount of tax due under subsection (c) shall be paid to the Commission on or before the tenth day of January, April, July, and October of the calendar year subject to tax. In the event that an adjustment in the amount of tax due should be necessary as a result of the filing of an amended or corrected return under subsection (d) or subsection (e) of this Section, the amount of any deficiency shall be paid by the public utility together with the amended or corrected return and the amount of any excess shall, after the filing of a claim for credit by the public utility, be returned to the public utility in the form

of a credit memorandum in the amount of such excess or be refunded to the public utility in accordance with the provisions of subsection (k) of this Section. However, if such deficiency or excess is less than \$1, then the public utility need not pay the deficiency and may not claim a credit.

(2) Any public utility subject to paragraph (2) of subsection (d) shall pay the amount of tax due under subsection (c) on or before March 31 next following the end of the calendar year subject to tax. In the event that an adjustment in the amount of tax due should be necessary as a result of the filing of a corrected return under subsection (e), the amount of any deficiency shall be paid by the public utility at the time the corrected return is filed. Any excess tax payment by the public utility shall be returned to it after the filing of a claim for credit, in the form of a credit memorandum in the amount of the excess. However, if such deficiency or excess is less than \$1, the public utility need not pay the deficiency and may not claim a credit.

(g) Each installment or required payment of the tax imposed by subsection (c) becomes delinquent at midnight of the date that it is due. Failure to make a payment as required by this Section shall result in the imposition of a late payment penalty, an underestimation penalty, or both, as provided by this subsection. The late payment penalty shall be the greater of:

(1) \$25 for each month or portion of a month that the installment or required payment is unpaid or

(2) an amount equal to the difference between what should have been paid on the due date, based upon the most recently filed estimated, annual, or amended return, and what was actually paid, times 1%, for each month or portion of a month that the installment or required payment goes unpaid. This penalty may be assessed as soon as the installment or required payment becomes delinquent.

The underestimation penalty shall apply to those public utilities subject to paragraph (1) of subsection (d) and shall be calculated after the filing of the amended return. It shall be imposed if the amount actually paid on any of the dates specified in subsection (f) is not equal to at least one-fourth of the amount actually due for the year, and shall equal the greater of:

(1) \$25 for each month or portion of a month that the amount due is unpaid or

(2) an amount equal to the difference between what should have been paid, based on the amended return, and what was actually paid as of the date specified in subsection (f), times a percentage equal to 1/12 of the sum of 10% and the percentage most recently established by the Commission for interest to be paid on customer deposits under 83 Ill. Adm. Code 280.70(e)(1), for each month or portion of a month that the amount due goes unpaid, except that no underestimation penalty shall be assessed if the amount actually paid on or before each of the dates specified in subsection (f) was based on an estimate of gross revenues at least equal to the actual gross revenues for the previous year. The Commission may enforce the collection of any delinquent installment or payment, or portion thereof by legal action or in any other manner by which the collection of debts due the State of Illinois may be enforced under the laws of this State. The executive director or his designee may excuse the payment of an assessed penalty or a portion of an assessed penalty if he determines that enforced collection of the penalty as assessed would be unjust.

(h) All sums collected by the Commission under the provisions of this Section shall be paid promptly after the receipt of the same, accompanied by a detailed statement thereof, into the Public Utility Fund in the State treasury.

(i) During the month of October of each odd-numbered year the Commission shall:

(1) determine the amount of all moneys deposited in the Public Utility Fund during the preceding fiscal biennium plus the balance, if any, in that fund at the beginning of that biennium;

(2) determine the sum total of the following items: (A) all moneys expended or obligated against appropriations made from the Public Utility Fund during the preceding fiscal biennium, plus (B) the sum of the credit memoranda then outstanding against the Public Utility Fund, if any; and

(3) determine the amount, if any, by which the sum determined as provided in item (1) exceeds the amount determined as provided in item (2).

If the amount determined as provided in item (3) of this subsection exceeds 50% of the previous fiscal year's appropriation level \$5,000,000, the Commission shall then compute the proportionate amount, if any, which (x) the tax paid hereunder by each utility during the preceding biennium, and (y) the amount paid into the Public Utility Fund during the preceding biennium by the Department of Revenue pursuant to Sections 2-9 and 2-11 of the Electricity Excise Tax Law, bears to the difference between the amount determined as provided in item (3) of this subsection (i) and 50% of the previous fiscal year's appropriation level \$5,000,000. The Commission shall cause the proportionate amount determined with respect to payments made under the Electricity Excise Tax Law to be transferred into the General

Revenue Fund in the State Treasury, and notify each public utility that it may file during the 3 month period after the date of notification a claim for credit for the proportionate amount determined with respect to payments made hereunder by the public utility. If the proportionate amount is less than \$10, no notification will be sent by the Commission, and no right to a claim exists as to that amount. Upon the filing of a claim for credit within the period provided, the Commission shall issue a credit memorandum in such amount to such public utility. Any claim for credit filed after the period provided for in this Section is void.

(j) Credit memoranda issued pursuant to subsection (f) and credit memoranda issued after notification and filing pursuant to subsection (i) may be applied for the 2 year period from the date of issuance, against the payment of any amount due during that period under the tax imposed by subsection (c), or, subject to reasonable rule of the Commission including requirement of notification, may be assigned to any other public utility subject to regulation under this Act. Any application of credit memoranda after the period provided for in this Section is void.

(k) The chairman or executive director may make refund of fees, taxes or other charges whenever he shall determine that the person or public utility will not be liable for payment of such fees, taxes or charges during the next 24 months and he determines that the issuance of a credit memorandum would be unjust.

(Source: P.A. 92-11, eff. 6-11-01; 92-22, eff. 6-30-01; 92-526, eff. 1-1-03.)

Section 15-10. The Illinois Vehicle Code is amended by changing Section 18c-1503 as follows:
(625 ILCS 5/18c-1503) (from Ch. 95 1/2, par. 18c-1503)

Sec. 18c-1503. Legislative Intent. It is the intent of the Legislature that the exercise of powers under Sections 18c-1501 and 18c-1502 of this Chapter shall not diminish revenues to the Commission, and that any surplus or deficit of revenues in the Transportation Regulatory Fund, together with any projected changes in the cost of administering and enforcing this Chapter, should be considered in establishing or adjusting fees and taxes in succeeding years. The Commission shall administer fees and taxes under this Chapter in such a manner as to insure that any surplus generated or accumulated in the Transportation Regulatory Fund does not exceed 50% of the previous fiscal year's appropriation ~~the surplus accumulated in the Motor Vehicle Fund during fiscal year 1984~~, and shall adjust the level of such fees and taxes to insure compliance with this provision.

(Source: P.A. 84-796.)

ARTICLE 99

Section 99-97. Severability. The provisions of this Act are severable under Section 1.31 of the Statute on Statutes."

AMENDMENT NO. 5 TO SENATE BILL 1987

AMENDMENT NO. 5. Amend Senate Bill 1987, AS AMENDED, with reference to page and line numbers of House Amendment No. 4, on page 31, line 18, by replacing "~~fails~~" with "wilfully fails"; and

on page 54, line 24, by replacing "~~\$8.95~~" with "\$9.95"; and

on page 56, by replacing lines 4 through 6 with the following:
"into the atmosphere, then the owner"; and

on page 56, line 11, by replacing "~~\$30 million~~" with "\$40 million"; and

on page 88, line 19, after "~~hour~~", by inserting ", which the utilities are not required to procure under the terms of subsection (d) of Section 1-75 of the Illinois Power Agency Act,"; and

by replacing line 25 on page 88 through line 1 on page 89 with the following:
"total sales of"; and

on page 89, on line 7, by replacing "~~Act~~" with "Act plus the total sales of electricity (expressed in kilowatthours sold) by utilities outside of their service areas during such prior month, pursuant to subsection (c) of Section 16-116 of this Act"; and

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on page 89, line 13, by replacing "hour" with "hour, which the utilities are not required to procure under the terms of subsection (d) of Section 1-75 of the Illinois Power Agency Act."; and

on page 89, by replacing lines 19 through 21 with the following:
"total sales of"; and

on page 90, line 1, by replacing "Act" with "Act plus the total sales of electricity (expressed in kilowatthours sold) by utilities outside of their service areas during such prior month, pursuant to subsection (c) of Section 16-116 of this Act"; and

on page 95, line 22, by replacing "Act" with "Act, except that the numerators referred to in that subsection (d) shall be the utility's retail market sales of electricity (expressed in kilowatthours sold) in the State outside of the utility's service territory in the prior month".

Under the rules, the foregoing **Senate Bill No. 1987**, with House Amendments numbered 2, 4 and 5, was referred to the Secretary's Desk.

A message from the House by

Mr. Mahoney, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of a bill of the following title, to-wit:

SENATE BILL NO. 1116

A bill for AN ACT concerning appropriations.

Together with the following amendment which is attached, in the adoption of which I am instructed to ask the concurrence of the Senate, to-wit:

House Amendment No. 1 to SENATE BILL NO. 1116

House Amendment No. 2 to SENATE BILL NO. 1116

Passed the House, as amended, August 13, 2008.

MARK MAHONEY, Clerk of the House

AMENDMENT NO. 1 TO SENATE BILL 1116

AMENDMENT NO. _____. Amend Senate Bill 1116 by replacing everything after the enacting clause with the following:

"Section 5. The amount of \$2, or so much of that amount as may be necessary, is appropriated from the General Revenue Fund to the Department of Agriculture for its ordinary and contingent expenses.

Section 99. Effective date. This Act takes effect July 1, 2008."

AMENDMENT NO. 2 TO SENATE BILL 1116

AMENDMENT NO. _____. Amend Senate Bill 1116, AS AMENDED, by replacing everything after the enacting clause with the following:

"ARTICLE 1

Section 5. The amount of \$240,000,000, or so much thereof as may be necessary, is appropriated from the Transportation Bond Series A Fund to the Department of Transportation for the sole and only purpose of matching federal earmarked funding for State highways, arterial highways, freeways, roads, bridges, and bridges or roads maintained by counties, municipalities, townships or road districts, all authorized to the State of Illinois for projects specified under the SAFETEA-LU Act of 2005.

Section 10. The amount of \$120,000,000, or so much thereof as may be necessary, is appropriated from the Transportation Bond Series B Fund to the Department of Transportation for the sole and only purpose of matching federal funding for rail and mass transit facilities authorized to the State of Illinois under the SAFETEA-LU Act of 2005.

Section 999. Effective date. This act takes effect upon becoming law."

Under the rules, the foregoing **Senate Bill No. 1116**, with House Amendments numbered 1 and 2, was referred to the Secretary's Desk.

[August 19, 2008]

A message from the House by

Mr. Mahoney, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has concurred with the Senate in the passage of a bill of the following title, to-wit:

SENATE BILL NO. 1460

A bill for AN ACT concerning finance.

Together with the following amendment which is attached, in the adoption of which I am instructed to ask the concurrence of the Senate, to-wit:

House Amendment No. 2 to SENATE BILL NO. 1460

Passed the House, as amended, August 13, 2008.

MARK MAHONEY, Clerk of the House

AMENDMENT NO. 2 TO SENATE BILL 1460

AMENDMENT NO. 2. Amend Senate Bill 1460 by replacing everything after the enacting clause with the following:

"Section 5. The General Obligation Bond Act is amended by changing Sections 2 and 4 as follows:

(30 ILCS 330/2) (from Ch. 127, par. 652)

Sec. 2. Authorization for Bonds. The State of Illinois is authorized to issue, sell and provide for the retirement of General Obligation Bonds of the State of Illinois for the categories and specific purposes expressed in Sections 2 through 8 of this Act, in the total amount of ~~\$28,018,149,639~~ \$27,658,149,369.

The bonds authorized in this Section 2 and in Section 16 of this Act are herein called "Bonds".

Of the total amount of Bonds authorized in this Act, up to \$2,200,000,000 in aggregate original principal amount may be issued and sold in accordance with the Baccalaureate Savings Act in the form of General Obligation College Savings Bonds.

Of the total amount of Bonds authorized in this Act, up to \$300,000,000 in aggregate original principal amount may be issued and sold in accordance with the Retirement Savings Act in the form of General Obligation Retirement Savings Bonds.

Of the total amount of Bonds authorized in this Act, the additional \$10,000,000,000 authorized by this amendatory Act of the 93rd General Assembly shall be used solely as provided in Section 7.2.

The issuance and sale of Bonds pursuant to the General Obligation Bond Act is an economical and efficient method of financing the long-term capital needs of the State. This Act will permit the issuance of a multi-purpose General Obligation Bond with uniform terms and features. This will not only lower the cost of registration but also reduce the overall cost of issuing debt by improving the marketability of Illinois General Obligation Bonds.

(Source: P.A. 92-13, eff. 6-22-01; 92-596, eff. 6-28-02; 92-598, eff. 6-28-02; 93-2, eff. 4-7-03; 93-839, eff. 7-30-04.)

(30 ILCS 330/4) (from Ch. 127, par. 654)

Sec. 4. Transportation. The amount of ~~\$5,673,399,000~~ \$5,313,399,000 is authorized for use by the Department of Transportation for the specific purpose of promoting and assuring rapid, efficient, and safe highway, air and mass transportation for the inhabitants of the State by providing monies, including the making of grants and loans, for the acquisition, construction, reconstruction, extension and improvement of the following transportation facilities and equipment, and for the acquisition of real property and interests in real property required or expected to be required in connection therewith as follows:

(a) ~~\$3,672,129,000~~ \$3,432,129,000 for State highways, arterial highways, freeways, roads, bridges, structures separating highways and railroads and roads, and bridges on roads maintained by counties, municipalities, townships or road districts for the following specific purposes:

- (1) \$3,330,000,000 for use statewide,
- (2) \$3,677,000 for use outside the Chicago urbanized area,
- (3) \$7,543,000 for use within the Chicago urbanized area,
- (4) \$13,060,600 for use within the City of Chicago,
- (5) \$58,987,500 for use within the counties of Cook, DuPage, Kane, Lake, McHenry and Will, and

- (6) \$18,860,900 for use outside the counties of Cook, DuPage, Kane, Lake, McHenry and Will, and -

- (7) \$240,000,000 for use statewide for the specific and sole purpose of matching federal earmark

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funding authorized to the State of Illinois for projects specified under the federal SAFETEA-LU Act of 2005.

(b) ~~\$1,649,670,000~~ ~~\$1,529,670,000~~ for rail facilities and for mass transit facilities, as defined in Section 2705-305 of the Department of Transportation Law (20 ILCS 2705/2705-305), including rapid transit, rail, bus and other equipment used in connection therewith by the State or any unit of local government, special transportation district, municipal corporation or other corporation or public authority authorized to provide and promote public transportation within the State or two or more of the foregoing jointly, for the following specific purposes:

- (1) ~~\$1,553,870,000~~ ~~\$1,433,870,000~~ statewide,
- (2) \$83,350,000 for use within the counties of Cook, DuPage, Kane, Lake, McHenry and Will,
- (3) \$12,450,000 for use outside the counties of Cook, DuPage, Kane, Lake, McHenry and Will.

(c) \$351,600,000 for airport or aviation facilities and any equipment used in connection therewith, including engineering and land acquisition costs, by the State or any unit of local government, special transportation district, municipal corporation or other corporation or public authority authorized to provide public transportation within the State, or two or more of the foregoing acting jointly, and for the making of deposits into the Airport Land Loan Revolving Fund for loans to public airport owners pursuant to the Illinois Aeronautics Act.

(Source: P.A. 91-39, eff. 6-15-99; 91-239, eff. 1-1-00; 91-712, eff. 7-1-00; 92-13, eff. 6-22-01.)

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

Under the rules, the foregoing **Senate Bill No. 1460**, with House Amendment No. 2, was referred to the Secretary's Desk.

A message from the House by

Mr. Mahoney, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has passed a bill of the following title, the veto of the Governor notwithstanding, in the passage of which I am instructed to ask the concurrence of the Senate, to-wit:

HOUSE BILL 4189

A bill for AN ACT concerning government.

I am further instructed to deliver to you the objections of the Governor which are contained in the attached copy of his letter to the House of Representatives:

Passed the House, August 13, 2008, by a three-fifths vote.

MARK MAHONEY, Clerk of the House

August 8, 2008

To the Honorable Members of the
Illinois House of Representatives
95th General Assembly

Pursuant to Article IV, Section 9(b) of the Illinois Constitution of 1970, I hereby veto House Bill 4189, entitled "AN ACT concerning government." I recognize and appreciate the hard work of all the sponsors in passing this legislation, again. Nonetheless, my belief that the provisions of the State Officials and Employees Ethics Act should extend to community college districts remains unchanged.

For this reason, I hereby veto and return House Bill 4189.

Sincerely,
ROD R. BLAGOJEVICH
Governor

A message from the House by

Mr. Mahoney, Clerk:

[August 19, 2008]

Mr. President -- I am directed to inform the Senate that the House of Representatives has accepted the Governor's specific recommendations for change, which are attached, to a bill of the following title, in the adoption of which I am instructed to ask the concurrence of the Senate, to-wit:

HOUSE BILL 4201

A bill for AN ACT concerning local government.

I am further instructed to deliver to you the objections of the Governor which are contained in the attached copy of his letter to the House of Representatives:

Adopted by the House, August 13, 2008.

MARK MAHONEY, Clerk of the House

HB4201AVM001

MOTION

I move to accept the specific recommendations of the Governor as to House Bill 4201 in manner and form as follows:

**AMENDMENT TO HOUSE BILL 4201
IN ACCEPTANCE OF GOVERNOR'S RECOMMENDATIONS**

Amend House Bill 4201 on page 1, immediately above line 4, by inserting the following:

"Section 3. The Property Tax Code is amended by changing Sections 14-20, 15-169, and 20-15 as follows:

(35 ILCS 200/14-20)

Sec. 14-20. Certificate of error; counties of less than 3,000,000. In any county with less than 3,000,000 inhabitants, if, at any time before judgment or order of sale is entered in any proceeding to collect or to enjoin the collection of taxes based upon any assessment of any property, the chief county assessment officer discovers an error or mistake in the assessment (other than errors of judgment as to the valuation of the property), he or she shall issue to the person erroneously assessed a certificate setting forth the nature of the error and the cause or causes of the error. In any county with less than 3,000,000 inhabitants, if an owner fails to file an application for the Senior Citizens Assessment Freeze Homestead Exemption provided in Section 15-172 during the previous assessment year and qualifies for the exemption, or if a disabled veteran's service-connected disability was certified by the United States Department of Veterans Affairs after the county's application period under Section 15-169, the Chief County Assessment Officer pursuant to this Section, or the Board of Review pursuant to Section 16-75, shall issue a certificate of error setting forth the correct taxable valuation of the property. The certificate, when properly endorsed by the majority of the board of review, showing their concurrence, and not otherwise, may be used in evidence in any court of competent jurisdiction, and when so introduced in evidence, shall become a part of the court record and shall not be removed from the files except on an order of the court.

(Source: P.A. 90-552, eff. 12-12-97; 91-377, eff. 7-30-99.)

(35 ILCS 200/15-169)

Sec. 15-169. Disabled veterans standard homestead exemption.

(a) Beginning with taxable year ~~2008~~ 2007, an annual homestead exemption, limited to the amounts set forth in subsection (b), is granted for property that is used as a qualified residence by a disabled veteran.

(b) The amount of the exemption under this Section is as follows:

(1) ~~for veterans with a service-connected disability of at least 50%, as certified by the United States Department of Veterans Affairs, the annual exemption is \$1,000,000, for veterans with a service-connected disability of at least 75%, as certified by the United States Department of Veterans Affairs, the annual exemption is \$5,000; and~~

(2) ~~for veterans with a service-connected disability of at least 50%, but less than 75%, as certified by the United States Department of Veterans Affairs, the annual exemption is \$2,500.~~

(c) The tax exemption under this Section carries over to the benefit of the veteran's

surviving spouse as long as the spouse holds the legal or beneficial title to the homestead, permanently resides thereon, and does not remarry. If the surviving spouse sells the property, an exemption not to exceed the amount granted from the most recent ad valorem tax roll may be transferred to his or her new residence as long as it is used as his or her primary residence and he or she does not remarry.

(d) The exemption under this Section applies for taxable year ~~2008~~ 2007 and thereafter. A taxpayer who claims an exemption under Section 15-165 or 15-168 may not claim an exemption under this Section.

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(e) Application must be made during the application period in effect for the county of his or her residence. If the service-connected disability is certified after the application period, a certificate of error shall be issued as provided in Section 14-15 or Section 14-20. The assessor or chief county assessment officer may determine the eligibility of residential property to receive the homestead exemption provided by this Section by application, visual inspection, questionnaire, or other reasonable methods. The determination must be made in accordance with guidelines established by the Department. If a homestead exemption has been granted under this Section and the veteran awarded the exemption becomes a resident of a facility licensed under the Nursing Home Care Act, then the exemption shall continue (i) so long as the qualified residence continues to be occupied by the veteran's spouse or (ii) if the residence is unoccupied, until the veteran or the veteran's spouse is not the owner of record.

(f) For the purposes of this Section:

"Qualified residence" means real property, but less any portion of that property that is used for commercial purposes, ~~with an equalized assessed value of less than \$250,000~~ that is the disabled veteran's primary residence. Property rented for more than 6 months is presumed to be used for commercial purposes.

"Veteran" means an Illinois resident who has served as a member of the United States Armed Forces on active duty or State active duty, a member of the Illinois National Guard, or a member of the United States Reserve Forces and who has received an honorable discharge.

(g) For land improved with (i) an apartment building owned and operated as a cooperative or (ii) a life care facility as defined under Section 2 of the Life Care Facilities Act that is considered to be a cooperative, the maximum reduction from the value of the property, as equalized or assessed by the Department, shall be multiplied by the number of apartments or units occupied by a disabled veteran. The disabled veteran shall receive the homestead exemption upon meeting the following requirements:

(1) The property must be occupied as the primary residence by the disabled veteran.

(2) The disabled veteran must be liable by contract with the owner or owners of record for paying the apportioned property taxes on the property of the cooperative or life care facility. In the case of a life care facility, the disabled veteran must be liable for paying the apportioned property taxes under a life care contract as defined in Section 2 of the Life Care Facilities Act.

(3) The disabled veteran must be an owner of record of a legal or equitable interest in the cooperative apartment building. A leasehold interest does not meet this requirement.

If a homestead exemption is granted under this Section, the cooperative association or management firm shall credit the savings resulting from the exemption to the apportioned tax liability of the qualifying disabled veteran. The chief county assessment officer may request reasonable proof that the association or firm has properly credited the exemption. A person who willfully refuses to credit an exemption to the qualified disabled veteran is guilty of a Class B misdemeanor.

(h) In counties with fewer than 3,000,000 inhabitants, the chief county assessment officer shall provide to each veteran granted a homestead exemption under this Section a form to designate any other person to receive a duplicate of any notice of delinquency in the payment of taxes assessed and levied under this Code on the veteran's qualifying property. The duplicate notice shall be in addition to the notice required to be provided to the veteran receiving the exemption and shall be given in the manner required by this Code. The veteran filing the request for the duplicate notice shall pay an administrative fee of \$5 to the chief county assessment officer. The assessment officer shall then file the executed designation with the county collector, who shall issue the duplicate notices as indicated by the designation. A designation may be rescinded by the disabled veteran in the manner required by the chief county assessment officer.

(i) Notwithstanding Sections 6 and 8 of the State Mandates Act, no reimbursement by the State is required for the implementation of any mandate created by this Section.

(Source: P.A. 95-644, eff. 10-12-07.)

(35 ILCS 200/20-15)

Sec. 20-15. Information on bill or separate statement. There shall be printed on each bill, or on a separate slip which shall be mailed with the bill:

(a) a statement itemizing the rate at which taxes have been extended for each of the taxing districts in the county in whose district the property is located, and in those counties utilizing electronic data processing equipment the dollar amount of tax due from the person assessed allocable to each of those taxing districts, including a separate statement of the dollar amount of tax due which is allocable to a tax levied under the Illinois Local Library Act or to any other tax levied by a municipality or township for public library purposes,

(b) a separate statement for each of the taxing districts of the dollar amount of tax

due which is allocable to a tax levied under the Illinois Pension Code or to any other tax levied by a municipality or township for public pension or retirement purposes,

(c) the total tax rate,

(c-5) the total amount of tax due prior to application of any exemption due under Section 15-169,

(d) the total amount of tax due, and

(e) the amount by which the total tax and the tax allocable to each taxing district differs from the taxpayer's last prior tax bill.

The county treasurer shall ensure that only those taxing districts in which a parcel of property is located shall be listed on the bill for that property.

In all counties the statement shall also provide:

(1) the property index number or other suitable description,

(2) the assessment of the property,

(3) the equalization factors imposed by the county and by the Department, and

(4) the equalized assessment resulting from the application of the equalization factors to the basic assessment.

In all counties which do not classify property for purposes of taxation, for property on which a single family residence is situated the statement shall also include a statement to reflect the fair cash value determined for the property. In all counties which classify property for purposes of taxation in accordance with Section 4 of Article IX of the Illinois Constitution, for parcels of residential property in the lowest assessment classification the statement shall also include a statement to reflect the fair cash value determined for the property.

In all counties, the statement must include information that certain taxpayers may be eligible for tax exemptions, abatements, and other assistance programs and that, for more information, taxpayers should consult with the office of their township or county assessor and with the Illinois Department of Revenue.

In all counties, the statement shall include information that certain taxpayers may be eligible for the Senior Citizens and Disabled Persons Property Tax Relief and Pharmaceutical Assistance Act and that applications are available from the Illinois Department on Aging.

In counties which use the estimated or accelerated billing methods, these statements shall only be provided with the final installment of taxes due. The provisions of this Section create a mandatory statutory duty. They are not merely directory or discretionary. The failure or neglect of the collector to mail the bill, or the failure of the taxpayer to receive the bill, shall not affect the validity of any tax, or the liability for the payment of any tax.

(Source: P.A. 95-644, eff. 10-12-07)."

Date: _____, 2008 _____

August 11, 2008

To the Honorable Members of the
Illinois House of Representatives
95th General Assembly

Pursuant to Article IV, Section 9(e) of the Illinois Constitution of 1970, I hereby return House Bill 4201, entitled "AN ACT concerning local government.", with the following specific recommendation for change:

on page 1, immediately above line 4, by inserting the following:

"Section 3. The Property Tax Code is amended by changing Sections 14-20, 15-169, and 20-15 as follows:

(35 ILCS 200/14-20)

Sec. 14-20. Certificate of error; counties of less than 3,000,000. In any county with less than 3,000,000 inhabitants, if, at any time before judgment or order of sale is entered in any proceeding to collect or to join the collection of taxes based upon any assessment of any property, the chief county assessment officer discovers an error or mistake in the assessment (other than errors of judgment as to the valuation of the property), he or she shall issue to the person erroneously assessed a certificate setting forth the nature of the error and the cause or causes of the error. In any county with less than 3,000,000 inhabitants, if an owner fails to file an application for the Senior Citizens Assessment Freeze Homestead Exemption provided in Section 15-172 during the previous assessment year and qualifies for the exemption, or if a disabled veteran's service-connected

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disability was certified by the United States Department of Veteran's Affairs after the county's application period under Section 15-169, the Chief County Assessment Officer pursuant to this Section, or the Board of Review pursuant to Section 16-75, shall issue a certificate of error setting forth the correct taxable valuation of the property. The certificate, when properly endorsed by the majority of the board of review, showing their concurrence, and not otherwise, may be used in evidence in any court of competent jurisdiction, and when so introduced in evidence, shall become a part of the court record and shall not be removed from the files except on an order of the court.

(35 ILCS 200/15-169)

Sec. 15-169. Disabled veterans standard homestead exemption.

(a) Beginning with taxable year ~~2008~~ 2007, an annual homestead exemption, limited to the amounts set forth in subsection (b), is granted for property that is used as a qualified residence by a disabled veteran.

(b) The amount of the exemption under this Section is as follows:

(1) for veterans with a service-connected disability of at least 50%, as certified by the United States Department of Veterans Affairs, the annual exemption is \$1,000,000, for veterans with a service-connected disability of at least 75%, as certified by the United States Department of Veterans Affairs, the annual exemption is \$5,000.

~~(2) for veterans with a service-connected disability of at least 50%, but less than 75%, as certified by the United States Department of Veterans Affairs, the annual exemption is \$2,500.~~

(c) The tax exemption under this Section carries over to the benefit of the veteran's surviving spouse as long as the spouse holds the legal or beneficial title to the homestead, permanently resides thereon, and does not remarry. If the surviving spouse sells the property, an exemption not to exceed the amount granted from the most recent ad valorem tax roll may be transferred to his or her new residence as long as it is used as his or her primary residence and he or she does not remarry.

(d) The exemption under this Section applies for taxable year ~~2008~~ 2007 and thereafter. A taxpayer who claims an exemption under Section 15-165 or 15-168 may not claim an exemption under this Section.

(e) Application must be made during the application period in effect for the county of his or her residence. If the service-connected disability is certified after the application period, a certificate of error shall be issued as provided in Section 14-15 or Section 14-20. The assessor or chief county assessment officer may determine the eligibility of residential property to receive the homestead exemption provided by this Section by application, visual inspection, questionnaire, or other reasonable methods. The determination must be made in accordance with guidelines established by the Department. If a homestead exemption has been granted under this Section and the veteran awarded the exemption becomes a resident of a facility licensed under the Nursing Home Care Act, then the exemption shall continue (i) so long as the qualified residence continues to be occupied by the veteran's spouse or (ii) if the residence is unoccupied, until the veteran or the veteran's spouse is not the owner of record.

(f) For the purposes of this Section:

"Qualified residence" means real property, but less any portion of that property that is used for commercial purposes, ~~with an equalized assessed value of less than \$250,000~~ that is the disabled veteran's primary residence. Property rented for more than 6 months is presumed to be used for commercial purposes.

"Veteran" means an Illinois resident who has served as a member of the United States Armed Forces on active duty or State active duty, a member of the Illinois National Guard, or a member of the United States Reserve Forces and who has received an honorable discharge.

(g) For land improved with (i) an apartment building owned and operated as a cooperative or (ii) a life care facility as defined under Section 2 of the Life Care Facilities Act that is considered to be a cooperative, the maximum reduction from

the value of the property, as equalized or assessed by the Department, shall be multiplied by the number of apartments or units occupied by a disabled veteran. The disabled veteran shall receive the homestead exemption upon meeting the following requirements:

(1) The property must be occupied as the primary residence by the disabled veteran.

(2) The disabled veteran must be liable by contract with the owner or owners of record for paying the apportioned property taxes on the property of the cooperative or life care facility. In the case of a life care facility, the disabled veteran must be liable for paying the apportioned property taxes under a life care contract as defined in Section 2 of the Life Care Facilities Act.

(3) The disabled veteran must be an owner of record of a legal or equitable interest in the cooperative apartment building. A leasehold interest does not meet this requirement.

If a homestead exemption is granted under this Section, the cooperative association or management firm shall credit the savings resulting from the exemption to the apportioned tax liability of the qualifying disabled veteran. The chief county assessment officer may request reasonable proof that the association or firm has properly credited the exemption. A person who willfully refuses to credit an exemption to the qualified disabled veteran is guilty of a Class B misdemeanor.

(h) In counties with fewer than 3,000,000 inhabitants, the chief county assessment officer shall provide to each veteran granted a homestead exemption under this Section a form to designate any other person to receive a duplicate of any notice of delinquency in the payment of taxes assessed and levied under this Code on the veteran's qualifying property. The duplicate notice shall be in addition to the notice required to be provided to the veteran receiving the exemption and shall be given in the manner required by this Code. The veteran filing the request for the duplicate notice shall pay an administrative fee of \$5 to the chief county assessment officer. The assessment officer shall then file the executed designation with the county collector, who shall issue the duplicate notices as indicated by the designation. A designation may be rescinded by the disabled veteran in the manner required by the chief county assessment officer.

(i) Notwithstanding Sections 6 and 8 of the State Mandates Act, no reimbursement by the State is required for the implementation of any mandate created by this Section.

(35 ILCS 200/20-15)

Sec. 20-15. Information on bill or separate statement.

There shall be printed on each bill, or on a separate slip which shall be mailed with the bill:

(a) a statement itemizing the rate at which taxes have been extended for each of the taxing districts in the county in whose district the property is located, and in those counties utilizing electronic data processing equipment the dollar amount of tax due from the person assessed allocable to each of those taxing districts, including a separate statement of the dollar amount of tax due which is allocable to a tax levied under the Illinois Local Library Act or to any other tax levied by a municipality or township for public library purposes,

(b) a separate statement for each of the taxing districts of the dollar amount of tax due which is allocable to a tax levied under the Illinois Pension Code or to any other tax levied by a municipality or township for public pension or retirement purposes,

(c) the total tax rate,

(c-5) the total amount of tax due prior to application of any exemption due under Section 15-169.

(d) the total amount of tax due, and

(e) the amount by which the total tax and the tax allocable to each taxing district differs from the taxpayer's last prior tax bill.

The county treasurer shall ensure that only those taxing districts in which a parcel of property is located shall be listed on the bill for that property.

In all counties the statement shall also provide:

(1) the property index number or other suitable description,

(2) the assessment of the property,

(3) the equalization factors imposed by the county and by the Department, and

(4) the equalized assessment resulting from the application of the equalization factors to the basic assessment.

In all counties which do not classify property for purposes of taxation, for property on which a single family residence is situated the statement shall also include a statement to reflect the fair cash value determined for the property. In all counties which classify property for purposes of taxation in accordance with Section 4 of Article IX of the Illinois Constitution, for parcels of residential property in the lowest assessment classification the statement shall also include a statement to reflect the fair cash value determined for the property.

In all counties, the statement must include information that certain taxpayers may be eligible for tax exemptions, abatements, and other assistance programs and that, for more information, taxpayers should consult with the office of their township or county assessor and with the Illinois Department of Revenue.

In all counties, the statement shall include information that certain taxpayers may be eligible for the Senior Citizens and Disabled Persons Property Tax Relief and Pharmaceutical Assistance Act and that applications are available from the Illinois Department on Aging.

In counties which use the estimated or accelerated billing methods, these statements shall only be provided with the final installment of taxes due. The provisions of this Section create a mandatory statutory duty. They are not merely directory or discretionary. The failure or neglect of the collector to mail the bill, or the failure of the taxpayer to receive the bill, shall not affect the validity of any tax, or the liability for the payment of any tax.”

With this change, House Bill 4201 will have my approval. I respectfully request your concurrence.

Sincerely,
ROD R. BLAGOJEVICH
Governor

A message from the House by

Mr. Mahoney, Clerk:

Mr. President -- I am directed to inform the Senate that the House of Representatives has accepted the Governor's specific recommendations for change, which are attached, to a bill of the following title, in the adoption of which I am instructed to ask the concurrence of the Senate, to-wit:

HOUSE BILL 5285

A bill for AN ACT concerning regulation.

I am further instructed to deliver to you the objections of the Governor which are contained in the attached copy of his letter to the House of Representatives:

Adopted by the House, August 13, 2008.

MARK MAHONEY, Clerk of the House

HB5285AVM001

MOTION

I move to accept the specific recommendations of the Governor as to House Bill 5285 in manner and form as follows:

AMENDMENT TO HOUSE BILL 5285 IN ACCEPTANCE OF GOVERNOR'S RECOMMENDATIONS

Amend House Bill 5285 as follows:

[August 19, 2008]

on page 1, line 14, by replacing "and 356z.11" with "356z.11, and 356z.12"; and

on page 2, line 8, by replacing "and 356z.11" with "356z.11, and 356z.12"; and

on page 3, line 3, by replacing "and 356z.11" with "356z.11, and 356z.12"; and

on page 3, line 20, by replacing "and 356z.11" with "356z.11, and 356z.12"; and

on page 4, line 1, by replacing "Section 356z.11" with "Section 356z.11 and Section 356z.12"; and

on page 4, immediately below line 25, by inserting the following:

"(215 ILCS 5/356z.12 new)

Sec. 356z.12. Dependent coverage.

(a) A group or individual policy of accident and health insurance or managed care plan that provides coverage for dependents and that is amended, delivered, issued, or renewed after the effective date of this amendatory Act of the 95th General Assembly shall not terminate coverage or deny the election of coverage for an unmarried dependent by reason of the dependent's age before the dependent's 26th birthday.

(b) A policy or plan subject to this Section shall, upon amendment, delivery, issuance, or renewal, establish an initial enrollment period of not less than 90 days during which an insured may make a written election for coverage of an unmarried person as a dependent under this Section. After the initial enrollment period, enrollment by a dependent pursuant to this Section shall be consistent with the enrollment terms of the plan or policy.

(c) A policy or plan subject to this Section shall allow for dependent coverage during the annual open enrollment date or the annual renewal date if the dependent, as of the date on which the insured elects dependent coverage under this subsection, has:

(1) a period of continuous creditable coverage of 90 days or more; and

(2) not been without creditable coverage for more than 63 days.

An insured may elect coverage for a dependent who does not meet the continuous creditable coverage requirements of this subsection (c) and that dependent shall not be denied coverage due to age.

For purposes of this subsection (c), "creditable coverage" shall have the meaning provided under subsection (C)(1) of Section 20 of the Illinois Health Insurance Portability and Accountability Act.

(d) Military personnel. A group or individual policy of accident and health insurance or managed care plan that provides coverage for dependents and that is amended, delivered, issued, or renewed after the effective date of this amendatory Act of the 95th General Assembly shall not terminate coverage or deny the election of coverage for an unmarried dependent by reason of the dependent's age before the dependent's 30th birthday if the dependent (i) is an Illinois resident, (ii) served as a member of the active or reserve components of any of the branches of the Armed Forces of the United States, and (iii) has received a release or discharge other than a dishonorable discharge. To be eligible for coverage under this subsection (d), the eligible dependent shall submit to the insurer a form approved by the Illinois Department of Veterans Affairs stating the date on which the dependent was released from service.

(e) Calculation of the cost of coverage provided to an unmarried dependent under this Section shall be identical.

(f) Nothing in this Section shall prohibit an employer from requiring an employee to pay all or part of the cost of coverage provided under this Section.

(g) No exclusions or limitations may be applied to coverage elected pursuant to this Section that do not apply to all dependents covered under the policy.

(h) A policy or plan subject to this Section shall not condition eligibility for dependent coverage provided pursuant to this Section on enrollment in any educational institution.

(i) Notice regarding coverage for a dependent as provided pursuant to this Section shall be provided to an insured by the insurer:

(1) upon application or enrollment;

(2) in the certificate of coverage or equivalent document prepared for an insured and delivered on or about the date on which the coverage commences; and

(3) in a notice delivered to an insured on a semi-annual basis."; and

on page 5, line 10, by replacing "356z.11" with "356z.11, 356z.12"; and

on page 10, line 7, by replacing "356z.11" with "356z.11, 356z.12".

[August 19, 2008]

Date: _____, 2008 _____

August 6, 2008

To the Honorable Members of the
Illinois House of Representatives
95th General Assembly

Pursuant to Article IV, Section 9(e) of the Illinois Constitution of 1970, I hereby return House Bill 5285, entitled "AN ACT concerning regulation.", with the following specific recommendations for change:

- on page 1, line 14, by replacing "and 356z.11" with "356z.11, and 356z.12"; and
- on page 2, line 8, by replacing "and 356z.11" with "356z.11, and 356z.12"; and
- on page 3, line 3, by replacing "and 356z.11" with "356z.11, and 356z.12"; and
- on page 3, line 20, by replacing "and 356z.11" with "356z.11, and 356z.12"; and
- on page 4, line 1, by replacing "Section 356z.11" with "Section 356z.11 and Section 356z.12"; and
- on page 4, immediately below line 25, by inserting the following:

"(215 ILCS 5/356z.12 new)

Sec. 356z.12. Dependent Coverage.

(a) A group or individual policy of accident and health insurance or managed care plan that provides coverage for dependents and that is amended, delivered, issued or renewed after the effective date of this amendatory Act of the 95th General Assembly shall not terminate coverage or deny the election of coverage for an unmarried dependent by reason of the dependent's age before the dependent's 26th birthday.

(b) A policy or plan subject to this Section shall, upon amendment, delivery, issuance, or renewal, establish an initial enrollment period of not less than 90 days during which an insured may make a written election for coverage of an unmarried person as a dependent under this Section. After the initial enrollment period, enrollment by a dependent pursuant to this Section shall be consistent with the enrollment terms of the plan or policy.

(c) A policy or plan subject to this Section shall allow for dependent coverage during the annual open enrollment date or the annual renewal date if the dependent, as of the date on which the insured elects dependent coverage under this subsection, has:

- (1) a period of continuous creditable coverage of 90 days or more; and
- (2) not been without creditable coverage for more than 63 days.

An insured may elect coverage for a dependent who does not meet the continuous creditable coverage requirements of this subsection (c) and that dependent shall not be denied coverage due to age.

For purposes of this subsection (c), "creditable coverage" shall have the meaning provided under subsection (C)(1) of Section 20 of the Illinois Health Insurance Portability and Accountability Act.

(d) Military Personnel. A group or individual policy of accident and health insurance or managed care plan that provides coverage for dependents and that is amended, delivered, issued or renewed after the effective date of this amendatory Act of the 95th General Assembly shall not terminate coverage or deny the election of coverage for an unmarried dependent by reason of the dependent's age before the dependent's 30th birthday if the dependent (i) is an Illinois resident, (ii) served as a member of the active or reserve components of any of the branches of the Armed Forces of the United States, and (iii) has received a release or discharge other than a dishonorable discharge. To be eligible for coverage under this subsection (d), the eligible dependent shall submit to the insurer a form approved by the Illinois Department of Veterans Affairs stating the date on which the dependent was released from service.

(e) Calculation of the cost of coverage provided to an unmarried dependent under this Section shall be identical.

[August 19, 2008]

(f) Nothing in this Section shall prohibit an employer from requiring an employee to pay all or part of the cost of coverage provided under this Section.

(g) No exclusions or limitations may be applied to coverage elected pursuant to this Section that do not apply to all dependents covered under the policy.

(h) A policy or plan subject to this Section shall not condition eligibility for dependent coverage provided pursuant to this Section on enrollment in any educational institution.

(i) Notice regarding coverage for a dependent as provided pursuant to this Section shall be provided to an insured by the insurer:

(1) upon application or enrollment;

(2) in the certificate of coverage or equivalent document prepared for an insured and delivered on or about the date on which the coverage commences; and

(3) in a notice delivered to an insured on a semi-annual basis.”; and

on page 5, line 10, by replacing “356z.11” with “356z.11, 356z.12”; and

on page 10, line 7, by replacing “356z.11” with “356z.11, 356z.12”.

With these changes, House Bill 5285 will have my approval. I respectfully request your concurrence.

Sincerely,
 ROD R. BLAGOJEVICH
 Governor

By direction of the President, bills reported on the foregoing veto messages were placed on the Senate Calendar.

MOTIONS IN WRITING

Senator Rutherford submitted the following Motion in Writing:

I move to accept the specific recommendations of the Governor as to **Senate Bill No. 4201** in manner and form as follows:

HB4201AVM001

MOTION

I move to accept the specific recommendations of the Governor as to House Bill 4201 in manner and form as follows:

AMENDMENT TO HOUSE BILL 4201

IN ACCEPTANCE OF GOVERNOR'S RECOMMENDATIONS

Amend House Bill 4201 on page 1, immediately above line 4, by inserting the following:

"Section 3. The Property Tax Code is amended by changing Sections 14-20, 15-169, and 20-15 as follows:

(35 ILCS 200/14-20)

Sec. 14-20. Certificate of error; counties of less than 3,000,000. In any county with less than 3,000,000 inhabitants, if, at any time before judgment or order of sale is entered in any proceeding to collect or to enjoin the collection of taxes based upon any assessment of any property, the chief county assessment officer discovers an error or mistake in the assessment (other than errors of judgment as to the valuation of the property), he or she shall issue to the person erroneously assessed a certificate setting forth the nature of the error and the cause or causes of the error. In any county with less than 3,000,000 inhabitants, if an owner fails to file an application for the Senior Citizens Assessment Freeze Homestead Exemption provided in Section 15-172 during the previous assessment year and qualifies for the exemption, or if a disabled veteran's service-connected disability was certified by the United States Department of Veterans Affairs after the county's application period under Section 15-169, the Chief County Assessment Officer pursuant to this Section, or the Board of Review pursuant to Section 16-75, shall issue a certificate of error setting forth the correct taxable valuation of the property. The certificate, when properly endorsed by the majority of the board of review, showing their concurrence, and not

[August 19, 2008]

otherwise, may be used in evidence in any court of competent jurisdiction, and when so introduced in evidence, shall become a part of the court record and shall not be removed from the files except on an order of the court.

(Source: P.A. 90-552, eff. 12-12-97; 91-377, eff. 7-30-99.)

(35 ILCS 200/15-169)

Sec. 15-169. Disabled veterans standard homestead exemption.

(a) Beginning with taxable year 2008 ~~2007~~, an annual homestead exemption, limited to the amounts set forth in subsection (b), is granted for property that is used as a qualified residence by a disabled veteran.

(b) The amount of the exemption under this Section is as follows:

(1) for veterans with a service-connected disability of at least 50%, as certified by the United States Department of Veterans Affairs, the annual exemption is ~~\$1,000,000~~ for veterans with a service-connected disability of at least 75%, as certified by the United States Department of Veterans Affairs, the annual exemption is ~~\$5,000~~; and

(2) for veterans with a service-connected disability of at least 50%, but less than 75%, as certified by the United States Department of Veterans Affairs, the annual exemption is ~~\$2,500~~.

(c) The tax exemption under this Section carries over to the benefit of the veteran's surviving spouse as long as the spouse holds the legal or beneficial title to the homestead, permanently resides thereon, and does not remarry. If the surviving spouse sells the property, an exemption not to exceed the amount granted from the most recent ad valorem tax roll may be transferred to his or her new residence as long as it is used as his or her primary residence and he or she does not remarry.

(d) The exemption under this Section applies for taxable year 2008 ~~2007~~ and thereafter. A taxpayer who claims an exemption under Section 15-165 or 15-168 may not claim an exemption under this Section.

(e) Application must be made during the application period in effect for the county of his or her residence. If the service-connected disability is certified after the application period, a certificate of error shall be issued as provided in Section 14-15 or Section 14-20. The assessor or chief county assessment officer may determine the eligibility of residential property to receive the homestead exemption provided by this Section by application, visual inspection, questionnaire, or other reasonable methods. The determination must be made in accordance with guidelines established by the Department. If a homestead exemption has been granted under this Section and the veteran awarded the exemption becomes a resident of a facility licensed under the Nursing Home Care Act, then the exemption shall continue (i) so long as the qualified residence continues to be occupied by the veteran's spouse or (ii) if the residence is unoccupied, until the veteran or the veteran's spouse is not the owner of record.

(f) For the purposes of this Section:

"Qualified residence" means real property, but less any portion of that property that is used for commercial purposes, ~~with an equalized assessed value of less than \$250,000~~ that is the disabled veteran's primary residence. Property rented for more than 6 months is presumed to be used for commercial purposes.

"Veteran" means an Illinois resident who has served as a member of the United States Armed Forces on active duty or State active duty, a member of the Illinois National Guard, or a member of the United States Reserve Forces and who has received an honorable discharge.

(g) For land improved with (i) an apartment building owned and operated as a cooperative or (ii) a life care facility as defined under Section 2 of the Life Care Facilities Act that is considered to be a cooperative, the maximum reduction from the value of the property, as equalized or assessed by the Department, shall be multiplied by the number of apartments or units occupied by a disabled veteran. The disabled veteran shall receive the homestead exemption upon meeting the following requirements:

(1) The property must be occupied as the primary residence by the disabled veteran.

(2) The disabled veteran must be liable by contract with the owner or owners of record for paying the apportioned property taxes on the property of the cooperative or life care facility. In the case of a life care facility, the disabled veteran must be liable for paying the apportioned property taxes under a life care contract as defined in Section 2 of the Life Care Facilities Act.

(3) The disabled veteran must be an owner of record of a legal or equitable interest in the cooperative apartment building. A leasehold interest does not meet this requirement.

If a homestead exemption is granted under this Section, the cooperative association or management firm shall credit the savings resulting from the exemption to the apportioned tax liability of the qualifying disabled veteran. The chief county assessment officer may request reasonable proof that the association or firm has properly credited the exemption. A person who willfully refuses to credit an

exemption to the qualified disabled veteran is guilty of a Class B misdemeanor.

(h) In counties with fewer than 3,000,000 inhabitants, the chief county assessment officer shall provide to each veteran granted a homestead exemption under this Section a form to designate any other person to receive a duplicate of any notice of delinquency in the payment of taxes assessed and levied under this Code on the veteran's qualifying property. The duplicate notice shall be in addition to the notice required to be provided to the veteran receiving the exemption and shall be given in the manner required by this Code. The veteran filing the request for the duplicate notice shall pay an administrative fee of \$5 to the chief county assessment officer. The assessment officer shall then file the executed designation with the county collector, who shall issue the duplicate notices as indicated by the designation. A designation may be rescinded by the disabled veteran in the manner required by the chief county assessment officer.

(i) Notwithstanding Sections 6 and 8 of the State Mandates Act, no reimbursement by the State is required for the implementation of any mandate created by this Section.

(Source: P.A. 95-644, eff. 10-12-07.)

(35 ILCS 200/20-15)

Sec. 20-15. Information on bill or separate statement. There shall be printed on each bill, or on a separate slip which shall be mailed with the bill:

(a) a statement itemizing the rate at which taxes have been extended for each of the taxing districts in the county in whose district the property is located, and in those counties utilizing electronic data processing equipment the dollar amount of tax due from the person assessed allocable to each of those taxing districts, including a separate statement of the dollar amount of tax due which is allocable to a tax levied under the Illinois Local Library Act or to any other tax levied by a municipality or township for public library purposes,

(b) a separate statement for each of the taxing districts of the dollar amount of tax due which is allocable to a tax levied under the Illinois Pension Code or to any other tax levied by a municipality or township for public pension or retirement purposes,

(c) the total tax rate,

(c-5) the total amount of tax due prior to application of any exemption due under Section 15-169,

(d) the total amount of tax due, and

(e) the amount by which the total tax and the tax allocable to each taxing district differs from the taxpayer's last prior tax bill.

The county treasurer shall ensure that only those taxing districts in which a parcel of property is located shall be listed on the bill for that property.

In all counties the statement shall also provide:

(1) the property index number or other suitable description,

(2) the assessment of the property,

(3) the equalization factors imposed by the county and by the Department, and

(4) the equalized assessment resulting from the application of the equalization factors to the basic assessment.

In all counties which do not classify property for purposes of taxation, for property on which a single family residence is situated the statement shall also include a statement to reflect the fair cash value determined for the property. In all counties which classify property for purposes of taxation in accordance with Section 4 of Article IX of the Illinois Constitution, for parcels of residential property in the lowest assessment classification the statement shall also include a statement to reflect the fair cash value determined for the property.

In all counties, the statement must include information that certain taxpayers may be eligible for tax exemptions, abatements, and other assistance programs and that, for more information, taxpayers should consult with the office of their township or county assessor and with the Illinois Department of Revenue.

In all counties, the statement shall include information that certain taxpayers may be eligible for the Senior Citizens and Disabled Persons Property Tax Relief and Pharmaceutical Assistance Act and that applications are available from the Illinois Department on Aging.

In counties which use the estimated or accelerated billing methods, these statements shall only be provided with the final installment of taxes due. The provisions of this Section create a mandatory statutory duty. They are not merely directory or discretionary. The failure or neglect of the collector to mail the bill, or the failure of the taxpayer to receive the bill, shall not affect the validity of any tax, or the liability for the payment of any tax.

(Source: P.A. 95-644, eff. 10-12-07)."

Date: August 19, 2008

s/Dan Rutherford

[August 19, 2008]

Senator Kotowski submitted the following Motion in Writing:

I move to accept the specific recommendations of the Governor as to **House Bill 5285** in manner and form as follows:

HB5285AVM001

MOTION

I move to accept the specific recommendations of the Governor as to House Bill 5285 in manner and form as follows:

**AMENDMENT TO HOUSE BILL 5285
IN ACCEPTANCE OF GOVERNOR'S RECOMMENDATIONS**

Amend House Bill 5285 as follows:

on page 1, line 14, by replacing "and 356z.11" with "356z.11, and 356z.12"; and

on page 2, line 8, by replacing "and 356z.11" with "356z.11, and 356z.12"; and

on page 3, line 3, by replacing "and 356z.11" with "356z.11, and 356z.12"; and

on page 3, line 20, by replacing "and 356z.11" with "356z.11, and 356z.12"; and

on page 4, line 1, by replacing "Section 356z.11" with "Section 356z.11 and Section 356z.12"; and

on page 4, immediately below line 25, by inserting the following:

"(215 ILCS 5/356z.12 new)

Sec. 356z.12. Dependent coverage.

(a) A group or individual policy of accident and health insurance or managed care plan that provides coverage for dependents and that is amended, delivered, issued, or renewed after the effective date of this amendatory Act of the 95th General Assembly shall not terminate coverage or deny the election of coverage for an unmarried dependent by reason of the dependent's age before the dependent's 26th birthday.

(b) A policy or plan subject to this Section shall, upon amendment, delivery, issuance, or renewal, establish an initial enrollment period of not less than 90 days during which an insured may make a written election for coverage of an unmarried person as a dependent under this Section. After the initial enrollment period, enrollment by a dependent pursuant to this Section shall be consistent with the enrollment terms of the plan or policy.

(c) A policy or plan subject to this Section shall allow for dependent coverage during the annual open enrollment date or the annual renewal date if the dependent, as of the date on which the insured elects dependent coverage under this subsection, has:

(1) a period of continuous creditable coverage of 90 days or more; and

(2) not been without creditable coverage for more than 63 days.

An insured may elect coverage for a dependent who does not meet the continuous creditable coverage requirements of this subsection (c) and that dependent shall not be denied coverage due to age.

For purposes of this subsection (c), "creditable coverage" shall have the meaning provided under subsection (C)(1) of Section 20 of the Illinois Health Insurance Portability and Accountability Act.

(d) Military personnel. A group or individual policy of accident and health insurance or managed care plan that provides coverage for dependents and that is amended, delivered, issued, or renewed after the effective date of this amendatory Act of the 95th General Assembly shall not terminate coverage or deny the election of coverage for an unmarried dependent by reason of the dependent's age before the dependent's 30th birthday if the dependent (i) is an Illinois resident, (ii) served as a member of the active or reserve components of any of the branches of the Armed Forces of the United States, and (iii) has received a release or discharge other than a dishonorable discharge. To be eligible for coverage under this subsection (d), the eligible dependent shall submit to the insurer a form approved by the Illinois Department of Veterans Affairs stating the date on which the dependent was released from service.

(e) Calculation of the cost of coverage provided to an unmarried dependent under this Section shall be identical.

[August 19, 2008]

(f) Nothing in this Section shall prohibit an employer from requiring an employee to pay all or part of the cost of coverage provided under this Section.

(g) No exclusions or limitations may be applied to coverage elected pursuant to this Section that do not apply to all dependents covered under the policy.

(h) A policy or plan subject to this Section shall not condition eligibility for dependent coverage provided pursuant to this Section on enrollment in any educational institution.

(i) Notice regarding coverage for a dependent as provided pursuant to this Section shall be provided to an insured by the insurer:

(1) upon application or enrollment;

(2) in the certificate of coverage or equivalent document prepared for an insured and delivered on or about the date on which the coverage commences; and

(3) in a notice delivered to an insured on a semi-annual basis."; and

on page 5, line 10, by replacing "356z.11" with "356z.11, 356z.12"; and

on page 10, line 7, by replacing "356z.11" with "356z.11, 356z.12".

Date: _____, 2008 _____

The foregoing Motions in Writing were referred to the Committee on Rules.

REPORT FROM RULES COMMITTEE

Senator Hendon, Chairperson of the Committee on Rules, during its August 19, 2008 meeting, reported the following Motions in Writing have been approved for consideration:

Motion to accept specific recommendations for change to House Bill 4201

Motion to accept specific recommendations for change to House Bill 5285

The foregoing Motions were placed on the Senate Calendar.

Senator Hendon, Chairperson of the Committee on Rules, reported that the following Legislative Measure has been approved for consideration:

SR 827

The foregoing resolution was placed on the Secretary's Desk.

MOTION IN WRITING

Senator Maloney submitted by the following Motion in Writing:

I move that House Bill No. 4189 do pass, notwithstanding the veto of the Governor.

DATE: 8/19/08

s/Edward D. Maloney
Senator

The foregoing Motion in Writing was placed on the Senate Calendar.

Senator Link asked and obtained unanimous consent to recess for the purpose of a Democrat caucus.

Senator Risinger asked and obtained unanimous consent to recess for the purpose of a Republican caucus.

[August 19, 2008]

At the hour of 2:58 o'clock p.m., the Chair announced that the Senate stand at recess subject to the call of the Chair.

AFTER RECESS

At the hour of 4:04 o'clock p.m., the Senate resumed consideration of business.
President Emil Jones, Jr., presiding.

CONSIDERATION OF HOUSE BILLS VETOED BY THE GOVERNOR

Pursuant to the Motion in Writing filed on Tuesday, August 19, 2008 and journalized Tuesday, August 19, 2008, Senator Maloney moved that **House Bill No. 4189** do pass, the veto of the Governor to the contrary notwithstanding.

And on that motion, a call of the roll was had resulting as follows:

Yeas 53; Nays None; Present 1.

The following voted in the affirmative:

Bivins	Dillard	Lightford	Sandoval
Bomke	Forby	Link	Schoenberg
Bond	Frerichs	Luechtefeld	Silverstein
Brady	Haine	Maloney	Steans
Burzynski	Halvorson	Martinez	Sullivan
Clayborne	Harmon	Meeks	Syverson
Collins	Hendon	Murphy	Trotter
Cronin	Holmes	Noland	Viverito
Crotty	Hultgren	Pankau	Watson
Cullerton	Hunter	Peterson	Wilhelmi
Dahl	Jones, J.	Radogno	Mr. President
DeLeo	Koehler	Righter	
Delgado	Kotowski	Risinger	
Demuzio	Lauzen	Rutherford	

The following voted present:

Raoul

This bill, having received the vote of three-fifths of the members elected, was declared passed, the veto of the Governor to the contrary notwithstanding.

Ordered that the Secretary inform the House of Representatives thereof.

Pursuant to the Motion in Writing filed on Tuesday, August 19, 2008 and journalized Tuesday, August 19, 2008, Senator Kotowski moved to accept the Governor's specific recommendations for change to **House Bill No. 5285**.

At the hour of 4:42 o'clock p.m., Senator DeLeo, presiding.

Senator Pankau had an inquiry of the Chair as to the number of votes required to accept the Governor's specific recommendations for change.

The Chair stated that thirty votes are required.

Senator Pankau had a further inquiry as to the effective date of the bill.

The Chair stated that the effective date would be 01/01/09.

And on that motion, a call of the roll was had resulting as follows:

Yeas 35; Nays 17; Present 1.

[August 19, 2008]

The following voted in the affirmative:

Bomke	Forby	Lightford	Schoenberg
Bond	Frerichs	Link	Silverstein
Clayborne	Halvorson	Maloney	Steans
Collins	Harmon	Martinez	Sullivan
Crotty	Hendon	Meeks	Trotter
Cullerton	Hunter	Noland	Viverito
DeLeo	Jones, J.	Pankau	Wilhelmi
Delgado	Koehler	Raoul	Mr. President
Demuzio	Kotowski	Sandoval	

The following voted in the negative:

Bivins	Dillard	Peterson	Syverson
Brady	Haine	Radogno	Watson
Burzynski	Holmes	Righter	
Cronin	Lauzen	Risinger	
Dahl	Murphy	Rutherford	

The following voted present:

Luechtefeld

The motion prevailed.

And the Senate concurred with the House in the adoption of the Governor's specific recommendations for change to House Bill No. 5285.

Ordered that the Secretary inform the House of Representatives thereof.

Pursuant to the Motion in Writing filed on Tuesday, August 19, 2008 and journalized Tuesday, August 19, 2008, Senator Rutherford moved to accept the Governor's specific recommendations for change to **House Bill No. 4201**.

And on that motion, a call of the roll was had resulting as follows:

Yeas 27; Nays 11; Present 15.

The following voted in the affirmative:

Bivins	DeLeo	Koehler	Schoenberg
Bomke	Demuzio	Kotowski	Silverstein
Bond	Forby	Maloney	Steans
Brady	Halvorson	Martinez	Viverito
Clayborne	Hendon	Meeks	Wilhelmi
Collins	Holmes	Noland	Mr. President
Crotty	Hunter	Sandoval	

The following voted in the negative:

Burzynski	Jones, J.	Radogno	Syverson
Cronin	Lauzen	Righter	Watson
Haine	Luechtefeld	Rutherford	

The following voted present:

Cullerton	Frerichs	Murphy	Risinger
Dahl	Harmon	Pankau	Sullivan
Delgado	Lightford	Peterson	Trotter

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Dillard

Link

Raoul

The motion lost.

And the Senate refused to concur with the House in the adoption of the Governor's specific recommendations for change to House Bill No. 4201.

Ordered that the Secretary inform the House of Representatives thereof.

CONSIDERATION OF RESOLUTION ON SECRETARY'S DESK

Senator Hunter moved that **Senate Resolution No. 827**, on the Secretary's Desk, be taken up for immediate consideration.

The motion prevailed.

Senator Hunter moved that Senate Resolution No. 827 be adopted.

The motion prevailed.

And the resolution was adopted.

PRESENTATION OF RESOLUTIONS

SENATE RESOLUTION NO. 837

Offered by Senator Demuzio and all Senators:

Mourns the death of Richard "Dick" Meno of Gillespie.

SENATE RESOLUTION NO. 838

Offered by Senator Demuzio and all Senators:

Mourns the death of Jacob Donald "Don" Daugherty of Carlinville.

By unanimous consent, the foregoing resolutions were referred to the Resolutions Consent Calendar.

RESOLUTIONS CONSENT CALENDAR

SENATE RESOLUTION NO. 828

Offered by Senators Radogno – Watson and all Senators:

Mourns the death of former Illinois State Representative Maureen Murphy of Evergreen Park.

SENATE RESOLUTION NO. 829

Offered by Senator Forby and all Senators:

Mourns the death of James "Jim" Bernhard of West Frankfort.

SENATE RESOLUTION NO. 830

Offered by Senator Lauzen and all Senators:

Mourns the death of U. S. Army Specialist Ryan Michael Carper of Sugar Grove.

SENATE RESOLUTION NO. 831

Offered by Senator Lauzen and all Senators:

Mourns the death of U. S. Army Private First Class Angelo Shane Allen.

SENATE RESOLUTION NO. 832

Offered by Senator Lauzen and all Senators:

Mourns the death of Eugene A. "Gene" Bonk of Bristol.

SENATE RESOLUTION NO. 833

Offered by Senator Viverito and all Senators:

Mourns the death of Shirley J. John.

SENATE RESOLUTION NO. 834

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Offered by Senator Viverito and all Senators:
Mourns the death of John F. Orlos, Sr., of Burbank.

SENATE RESOLUTION NO. 835

Offered by Senator Haine and all Senators:
Mourns the death of Elizabeth Anne “Dolly” Parker Selph of Alton.

SENATE RESOLUTION NO. 836

Offered by Senator Viverito and all Senators:
Mourns the death of Amelia Rose “Amy” Phelps.

SENATE RESOLUTION NO. 837

Offered by Senator Demuzio and all Senators:
Mourns the death of Richard “Dick” Meno of Gillespie.

SENATE RESOLUTION NO. 838

Offered by Senator Demuzio and all Senators:
Mourns the death of Jacob Donald “Don” Daugherty of Carlinville.

The Chair moved the adoption of the Resolutions Consent Calendar. The motion prevailed, and the resolutions were adopted.

At the hour of 5:23 o'clock p.m., the Chair announced the Senate stand adjourned until such time as the Senate assembles in regular, veto or other session pursuant to the schedule established and published by the Senate President and in accordance with **Senate Joint Resolution No. 105**, as adopted on May 31, 2008.