

SUPPORT THE COMPREHENSIVE CLIMATE AND EQUITABLE JOBS ACT

SB2408

ICJC Legislative Analysis

September 10, 2021

SB2408 is a nation-leading comprehensive climate and equitable jobs bill. This bill has the support of environmental, consumer and public health groups, the clean energy industry, and organized labor. The legislation largely mirrors the measure passed by the Senate (SB18) but with a few key changes to strengthen the climate and equity provisions. It is the only path forward to a true climate and equitable jobs bill.

BILL OUTCOMES:

- Over \$80 million per year for workforce and contractor development programs targeted in equity focused communities
- Achieves a 100% carbon-free power sector by 2045, prioritizing environmental justice communities for pollution reductions.
- Immediately opens the closed solar incentive programs to save solar jobs
- Eliminates formula rates, puts utilities under expanded oversight from ICC
- Protects over 2,000 jobs in nuclear energy plants
- Diversity and equity requirements for all renewable energy projects and dedicated support for disadvantaged contractors to participate in the clean energy economy
- Over \$35 million per year for business development grants and low-cost inclusive capital
- Invests \$41 million/year in former fossil fuel communities and workers
- Funding to get from 9% to 40% renewable energy by 2030 and 50% renewable energy by 2040 by building 3.5x more renewable energy each year than FEJA
- Increases the Illinois Solar for All program from \$10m/year to \$50m/year
- Commits to investments that will achieve 1,000,000 electric vehicles in Illinois by 2030
- Extends successful electric efficiency programs out past 2030
- Implements strong new ethics provisions for ComEd, Ameren and gas utilities

WORKFORCE & CONTRACTOR DEVELOPMENT

- a) The **Clean Jobs Workforce Network Program** creates 13 workforce hubs across the state run by community based organizations to provide clean jobs training and a career pipeline for equity eligible individuals. Funded at up to \$21M annually.
- b) The **Illinois Climate Works Preapprenticeship Program** trains equity eligible individuals for careers in clean energy sector construction and building trades. Funded up to \$10M annually.

- c) The **Energy Transition Navigators** are community-based organizations that provide education, outreach, and recruitment to eligible populations to ensure they take advantage of workforce development programs. Funded at up to \$6M annually.
- d) **Access and Barrier Reduction programs** - To increase access to training, incentives and jobs, a barrier reduction program will provide underserved clean energy job trainees and job seekers access to tools, mentoring, travel stipends, work clothes, certifications, childcare, and other support services that are specifically designed to increase access and job retention.
- e) The **Clean Energy Contractor Incubator Program** creates 13 contractor incubators across the state to provide training, mentorship, and recruitment opportunities for small clean energy businesses and contractors. Funded at up to \$21M annually.
- f) The **Returning Residents Clean Jobs Training Program** trains soon-to-be released people who are incarcerated for jobs in the solar and energy efficiency sectors. Funded at up to \$6M annually.
- g) The **Clean Energy Primes Contractor Accelerator** creates a program for contractors seeking to expand their capacity and fill the role of prime contractor on clean energy projects. The Accelerator offers a structured five-year program with mentorship, operation support grants, business coaching, and assistance applying for certifications, procurement programs, and preparing bids. Cohorts are accepted every 18 months. Funded at up to \$9M annually.
- h) To **address administrative barriers for small clean energy businesses**, the Department of Labor will assist contractors with prevailing wage payroll administrative burdens.
- i) The **Energy Transition Assistance Fund** is an Illinois State Treasury fund used by DCEO to annually fund Workforce and Contractor Development programs, Just Transition programs, and state agency budgets in support of new responsibilities.
- j) **Establishes a rate cap** for funding these programs.

JUST TRANSITION for COAL COMMUNITIES

- a) The **Energy Transition Community Grants** are available for communities with closing or closed power plants or coal mines to address economic and social impacts of the energy transition, including replacement property taxes. Funded at up to \$40M annually.
- b) The **Energy Transition Barrier Reduction Program** provides resources for equity investment eligible communities including funding for publicity, placement and retention to break down barriers to participation in clean energy training programs. Funded at up to \$21M annually.
- c) The **Energy Transition Workforce Commission** studies and reports on workforce impacts with anticipated plant and mine closures, related revenue, environmental and economic impacts for local units of government and communities.
- d) The **Displaced Energy Workers Bill of Rights** provides workers with advance notice of power plant or coal mine closure, notifying workers of programs available to assist them in the energy transition, employment assistance and career services, and financial planning services.
- e) A **Displaced Energy Worker Dependent Transition Scholarship** offers one-year full-time scholarships to a state-supported college or university for the children of displaced workers who demonstrate need.
- f) An **Energy Community Reinvestment Report** requires DCEO to create an annual comprehensive report on the energy work and transition programs created in this Act.
- g) **Community Energy and Climate Plans** help units of local government to develop Clean Energy, Climate, and Jobs Plans to address climate change and clean energy.

- h) **Provides financial support for the community of Zion** by assessing spent fuel pools and dry cask storage systems at the former Zion Nuclear Power Station as real property rather than personal property and providing for grants in proportional shares of \$15 per kilogram of spent nuclear fuel stored at such a facility.

UTILITY ACCOUNTABILITY and ETHICS

- a) **Expands statement of economic interest requirements** to include the disclosure of any immediate family member employed by a public utility in Illinois.
- b) **Subjects the Illinois Power Agency to ex-parte communication requirements** for conversations with any organization doing advocacy or any party selling renewable energy resources.
- c) Creates the **Public Utility Ethics and Compliance Monitor** and establishes new internal ethics controls for all electric and natural gas public utilities. Requires each utility to establish the position of a Chief Ethics and Compliance Officer who must submit annual reports to the ICC.
- d) **Requires the ICC to investigate whether ComEd misappropriated ratepayer funds** in connection with the conduct detailed in the Deferred Prosecution Agreement. If ComEd has done so, it must refund this money to ratepayers. The ICC may initiate an investigation, impose penalties, or order restitution to ratepayers any time a regulated entity is found guilty of criminal conduct.
- e) **Prevents utilities from recovering criminal penalties** or the post-employment costs of those convicted of a criminal act in the course of their employment with the utility from ratepayers.
- f) Creates a new **Public Utility Ethics and Compliance Monitor** position at the ICC to ensure that utility Chief Compliance and Ethics Officers are establishing codes of conduct, internal controls, training programs and annual ethics and transparency reporting processes. Additional requirements govern reporting on contract lobbyists and a ban on contract lobbyists subcontracting to others. An annual filing fee up to \$500,000 pays for the program.
- g) **Ensures ethics violation costs are not passed on to ratepayers**, including the costs of severance packages or pensions for employees convicted of crimes as well as fines, fees, and other costs related to criminal charges, investigations or deferred prosecution agreements.
- h) Opens Illinois Commerce Commission proceedings to more stakeholders by providing **Intervenor Compensation** to consumer interest entities that provide significant contributions to a case and that would otherwise face significant financial hardship from participating. Seed funding is based on payments of up to \$450,000 by public utilities. Ongoing funding is through fees equal to one-half the attorney and expert witness expenses incurred by public utilities in rate cases.
- i) **Establishes Ethics and Accountability Division and Utility Ethics and Compliance Monitor at ICC.**
- j) **Utility Chief Ethics and Compliance Officer and annual ethics reporting**

RENEWABLE ENERGY FUTURE

- a) **Addresses the “solar cliff” to save Illinois solar businesses and jobs** by correcting a provision in the Future Energy Jobs Act that stranded previously collected funds intended for solar project development.

- b) **Equity Investment Eligible Community / Persons** are terms created to describe persons and communities across Illinois that will be prioritized for hiring and contracting in Renewable Energy Credit procurements managed by the Illinois Power Agency. This system is designed to ensure an equitable distribution of state-sponsored funding to diverse businesses and workers.
- c) **Solar for All expansion** increases budget from \$10 to \$50 million/year, adds multi-family solar projects, empowers Program Administrator to assist with customer acquisition, and links Solar for All with energy efficiency and deferred maintenance programs.
- d) Increases the **RPS percentage goals to 40% by 2030 and 50% by 2040** (up from 25% by 2025 in current law).
- e) Creates **three new Adjustable Block Program** categories while including all of the original Adjustable Block Program categories (small DG, large DG, community solar). The new categories are:
 - i) solar on schools
 - ii) community-driven community solar
 - iii) renewable energy projects that are led by BIPOC contractors
- f) **Labor Standards** including the payment of prevailing wage for projects that receive RECs from the Illinois Power Agency. Residential projects and projects on houses of worship under 100kW will be exempt from this requirement.
- g) **Equity set-aside of distributed renewable energy** that commits 10% of the Adjustable Block Program to creating higher and more stable incentives for Equity Eligible Contractors, a new business definition that describes disadvantaged contractors and companies.
- h) **Equity accountability system** mandates that all renewable energy project developers immediately commit that 10% of their work is done by equity eligible persons or contractors. This minimum requirement increases to 30% by 2030. The system also creates new equity mandates and goals for large projects like utility-scale solar.
- i) **Reports on equity goals** include a regular review of whether the equity goals in REC programs are increasing diverse business growth and hiring, and requirements to modify the program to improve equitable outcomes.
- j) **Lease of vacant school property for renewable energy** is allowed, and the time period for renewable contracts leases are extended.
- k) The legislation **fixes the uncertainty under FEJA** for consumers that install solar as to how they will receive benefits for the power they put back into the grid.
- l) Creates an **Interconnection Working Group** to meet regularly to address a wide range of issues and challenges that arise in the process of interconnecting renewables to the electricity grid.

DECARBONIZATION

- a) **Provides approximately \$700 million of financial assistance** to the Byron, Dresden, and Braidwood nuclear plants over a 5-year period. This is approximately \$5 billion less than Exelon was seeking.
- b) Requires municipal coal, including Prairie State and CWLP Dallman, to be **100% carbon-free by December 31, 2045**, with an interim emissions reductions goal of 45% from existing emissions by no later than June 30, 2038.

- c) **Establishes a Nonprofit Electricity Generation Task Force** to investigate technical and financial options to install carbon sequestration technology at nonprofit electric generation facilities associated with municipal utilities and electric cooperatives.
- d) Directs the University of Illinois Prairie Research Institute to conduct a study on the potential for carbon capture, utilization, and storage as climate mitigation technology.
- e) Enables the Governor to commission a carbon pricing study.
- f) Requires all private coal electric generating units and privately-owned oil-fired electric generating units in excess of 25 MW to **eliminate carbon emissions by 2030**.
- g) Requires all private natural gas plants to **eliminate carbon emissions by 2045** with interim closure dates in 2030, 2035, and 2040 that prioritize plants in environmental justice communities and those with the dirtiest emissions (plants that convert to green hydrogen or another commercially available technology that emits zero carbon may stay open past their closure dates).

CLEAN TRANSPORTATION AND ELECTRIC VEHICLES

- a) ICC initiates a Stakeholder Workshop to help direct how the ICC evaluates the cost effectiveness and achievement of equity goals in transportation electrification investments.
- b) Requires **Beneficial Electrification Plans** from ComEd and Ameren which must include efforts to electrify the transportation sector including private vehicles, heavy-duty vehicles, public transportation, and school buses. Requires ICC approval with equity policy guidelines and a 40% spend in eligible communities, plus 5% spend on heavy-duty electrification investments.
- c) **Offers rebates for EV charging infrastructure**, especially those located in eligible communities, provided that prevailing wage is paid on construction of the project.
- d) **Offers rebates for EVs** by amending the Alternative Fuels Rebate to allow IEPA to use existing funds to create a \$4,000 rebate for consumers who purchase an electric vehicle.
- e) **Creates an Electric Vehicle Coordinator** position at IEPA to oversee all EV policy and projects delegated to the Agency.
- f) Directs the **Department of Transportation to conduct a study** on how EV proliferation may adversely impact transportation infrastructure.

ENERGY EFFICIENCY

- a) **Extends electric energy efficiency goals past 2030**, expands low-income weatherization, and permits large energy consumers to opt out and develop their own energy efficiency efforts.
- b) **Large customer opt-out** to allow large customers who want to take advantage of electric efficiency programs to do so.
- c) **Health and safety funding** to fix dangerous conditions found while installing energy efficiency measures in homes of families with low incomes.
- d) **Weatherization** - Encourages coordination between utility efficiency programs and federal and state weatherization programs.
- e) Establishes an **Equitable Energy Upgrade Program** to permit customers to finance energy efficiency upgrades through their utility bills.

CONSUMER PROTECTIONS

- a) **Prohibition on late payment fees for low-income** extends the late payment fee prohibition to 80% median household income.
- b) **Disconnection and credit and collections reporting** requires utilities to annually report disconnection, reconnection, deferred payment arrangements, deposits and arrearage data by zip code.
- c) **Prohibition on credit card convenience fees** prohibits utility from assessing fees when customers pay a utility bill with a credit card.
- d) Eliminates customer deposit requirements for low-income utility customer households.
- e) **Establishes an opportunity for compensation** to consumer interest groups who intervene in ICC proceedings.
- f) **Directs the ICC to study low-income discount electric rates for residential customers.**

RATEMAKING

- a) **Low-income discount rate study** directs the ICC to study the design of a program that would provide discounted rates for low income households.
- b) **Requires an audit** of ComEd and Ameren expenditures for the past 9 years under the Formula Rate. The audit will be paid for by the utilities.
- c) **Ends the Formula Rate** so that utilities are no longer rewarded for spending more on infrastructure and instead are compensated for meeting metrics in the following categories: reliability, reducing peak demand, supplier diversity, affordability, integration of distributed energy resources, and customer service. The bill creates a mechanism that incentivizes the utility to make cost-effective choices and stretch to achieve cost savings without adversely affecting efficiency, reliability or environmental quality.
- d) **Requires utilities to engage the public in investment decisions.** Through a public process in front of the Illinois Commerce Commission, the utilities must plan for an energy future with more renewables, storage, and EVs, including targeting the benefits of grid and solar investments into Equity Investment Eligible Communities.
- e) **Requires transparency for multi-year rate plans from utilities.** The plan must specify the investments and costs (and resulting rates) for each year of a four year period.

CARBON-FREE SCHOOLS

- a) The **Public Schools Carbon-Free Assessment Program** requires utilities serving over 500,000 customers to provide free standardized assessments of all public schools in their territories to identify opportunities for energy efficiency and greenhouse gas emissions reductions. Costs can be recovered from ratepayers. Priority school districts in East St. Louis, Harvey and Thornton must be assessed by the end of 2022.

TRANSMISSION

- a) **Renewable Energy Access Plan** - Requires Illinois Commerce Commission to plan for and create zones for transmission that will help lower costs, reduce carbon and generally support Illinois energy goals and advocate for its interests and goals at the regional transmission organizations.

BUILDING CODES

- a) Directs the Capital Development Board to establish a **Stretch Energy Code** that would allow municipalities, if they choose, to use a residential and commercial building code with higher energy efficiency than the statewide base code. Would apply the stretch code to projects funded through CDB.

FUNDING and SEED CAPITAL

- a) A **Jobs and Environmental Justice Grant Program (Seed Capital)** offers seed capital grants to Clean Energy contractor incubator and prime contractor development participants to help them gain a foothold in the clean energy market. Funded at \$34M annually.
- b) **Clean Energy Jobs and Justice Fund (non-profit Green Bank for BIPOC)** establishes a new Illinois nonprofit ‘green bank’ that focuses on equitable lending and business development to bring the benefits of the clean energy economy to diverse communities.
- c) **Illinois Finance Authority Climate Bank** designates the Illinois Finance Authority as the climate bank and allows the Authority to aid clean energy and climate resilience efforts.

COAL TO SOLAR

- a) **New Coal to Solar and Energy Storage Initiative** dedicates renewable energy credits to bidders that develop coal plants and mines into solar fields with accompanying storage. There is also a new DCEO-run grant program to support the installation of storage facilities at 3 coal plants in MISO (central/southern Illinois) and 2 coal plants in PJM (northern Illinois).

ENERGY STORAGE PROGRAM

- a) **Determine statewide energy storage needs** through a proceeding of the Illinois Commerce Commission.

POLLUTION REDUCTION

- a) The **Commission on Market-based Carbon Pricing Solutions** is chartered with studying carbon pricing programs such as the Regional Greenhouse Gas Initiative (RGGI) and issuing a report by December 22, 2022.

PREVAILING WAGE ACT

- a) **Prevailing Wage applies to all renewable energy projects** except residential and houses of worship up to 100 kilowatts.
- b) Labor unions benefitting from the renewable energy contracts will be **required to develop a Diversity, Equity and Inclusion (DEI) plan** and to provide annual public reporting on the diversity, equity and inclusion numbers.
- c) Equity Eligible Contractors will receive **administrative support from state agencies** to comply with prevailing wage requirements.
- d) Equity Eligible Contractors will be eligible for prepaid renewable energy contracts to address the historic inequity of access to capital.