

Climate and Equitable Jobs Act (Public Act [102-0662](#))
Municipal-run Electric Utility and Rural Electric Cooperative Fact Sheet

Context: Illinois has three types of electric utilities, investor-owned, municipal-run, and rural electric cooperatives. Investor-owned utilities (IOUs) (e.g. Ameren and ComEd), are private, for-profit companies (and, in most cases, part of publicly traded corporations) that are regulated by the Illinois Commerce Commission. **Municipal-run electric utilities** (muni) are owned and operated by the local municipal government and governed by the city council or utility board. **Rural electric cooperatives** (co-ops) are non-profits, consumer-owned utilities serving primarily rural areas and communities. Co-ops are governed by a board who are elected by fellow member-owners.

Munis and co-ops are not regulated by the Illinois Commerce Commission and therefore are not subject to many of the provisions outlined in old and new state energy policy. This fact sheet explores the implications of the new Climate and Equitable Jobs Act on munis and co-ops and their customers.

Prairie State Energy Campus (PSEC) and Springfield's City Water Light and Power Dallman Plant Wins

- 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.

Losses/Continued Barriers

- The confidentiality agreement signed by the PSEC owners shields them from divulging operational cost components, details of power procurement contracts, and lobbying expenditures. The aggressive use of Open Meetings Act and FOIA exemptions violate the spirit of “public” power.
- If PSEC opts to retrofit units with carbon capture technology in order to meet emission reduction standards, the cost burden may fall on customers. Money spent on CCS is also money NOT spent transitioning to clean energy.

Clean Energy Future

Wins

- CEJA continues and expands the Illinois’ Adjustable Block Program. The program buys the Renewable Energy Credits (RECs) that are automatically produced by rooftop and community solar systems, effectively providing an incentive for building solar. This program is funded by IOU customers, but the funds are still available to be used as solar incentives for muni and co-op customers (as confirmed by a 2019 Illinois Appellate Court ruling).
 - REC incentives are available for homeowners and other building owners that go solar.
 - The Illinois Solar for All program makes solar accessible to low income customers, including in muni/co-ops.
 - Community Solar is REC based, and the Adjustable Block Program would provide REC funding to a community solar facility in muni/co-ops if the muni or co-op utility sets up a system for providing community solar credits on customer’s bills. However, community solar bill crediting to subscribers isn't legally mandated for muni/co-ops, as it is for IOUs. As a result most munis and co-ops do not offer it, making it impossible for community solar projects to work in their territory. Additionally, coops/munis may be unlikely to support a private CS development, rather than one owned by the muni/co-op.

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- CEJA mandates the “**Right to Self-Generate**”. The law indicates that munis and co-ops should recognize the benefits of solar energy, and implement policies which allow residential and small commercial customers to interconnect their generating systems to the grid, and fairly compensate customers for the electricity that they generate and put onto the grid . This new policy should address past barriers to fair net metering.

Losses/Continued Barriers

- CEJA sets Renewable Portfolio Standard (RPS) goals of 40% renewable energy by 2030 and 50% renewable energy by 2040. The RPS only applies to IOUs; munis and co-ops are not required to complete any public renewable planning or set RPS goals for renewable energy.
- The “Right to Self-Generate” language does not apply to large commercial customers.
- The Illinois Municipal Electric Agency continues to have the ability to go out of state for fossil fuel energy. For example, Trimble County KY coal-fired generation is nearly 25% of the IMEA power supply.
- Munis and co-ops exercise monopoly power over the electricity they supply to consumers. Those consumers have no ability to choose another supplier.
- The Citizens Utility Board is mandated by law to represent the interests of residential IOU customers across the state, and the Attorney General’s Office is mandated by law to represent the interests of all classes of IOU customers. In practice, that usually means these watchdog entities get involved in regulatory litigation at the Illinois Commerce Commission. There is no similar organizational oversight for munis and co-ops.
- Munis and co-ops are allowed to use ratepayer dollars to actively lobby at the federal, state and local levels.
- Power Purchase Agreements between a customer and a solar installer (whereby the customer pays little or nothing upfront) are often utilized to allow schools, public entities, and other non-profit entities to go solar, but Power Purchase Agreements are not allowed in most munis and co-ops. CEJA made some progress here - see the “Right to Self Generate” below - but there is more to do.
- Most cooperatives and municipal utilities in Illinois have a 10kW DC system size limit. Under CEJA, the Small DG category of the Adjustable Block Program has been expanded from a limit of 10kW AC to a limit of 25kW AC. Unfortunately, since most of the munis/rural cooperatives have not even yet adopted a 10kW AC limit (which is larger than 10kW DC), residents and member owners in these territories will not benefit from the expansion of the system size in this category (this “Small DG” category generally pays a higher REC price and also pays the long-term REC contract value as an upfront lump sum payment). Once again, those living in most municipal utility and rural cooperative territories do not get to take advantage of this enhancement to the previous legislation (although they can still qualify for the Small DG category if they are allowed to install *any* solar project that is sized somewhere under 25kW AC).

Energy Efficiency Programs

Losses/Continued Barriers

- CEJA mandates that IOUs meet energy efficiency goals by providing energy efficiency programs and projects to customers. Munis and co-ops are not required to meet energy efficiency goals or provide incentives to their customers to become more energy efficient.

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Legislative language on **Right to Self Generate (220 ILCS 5/17-900 new) (pg 913)**

- (a) The General Assembly finds and declares that municipal systems and electric cooperatives shall continue to be governed by their respective governing bodies, but that such governing bodies should recognize and implement policies to provide the opportunity for their residential and small commercial customers who wish to self-generate electricity and for reasonable credits to customers for excess electricity, balanced against the rights of the other non-self-generating customers. This includes creating consistent, fair policies that are accessible to all customers and transparent, fair processes for raising and addressing any concerns.
- (b) Customers have the right to install renewable generating facilities to be located on the customer's premises or customer's side of the billing meter and that are intended primarily to offset the customer's own electrical requirements and produce, consume, and store their own renewable energy without discriminatory repercussions from an electric cooperative or municipal system. This includes a customer's rights to:
 - (1) generate, consume, and deliver excess renewable energy to the distribution grid and reduce his or her use of electricity obtained from the grid;
 - (2) use technology to store energy at his or her residence;
 - (3) interconnect his or her electrical system that generates renewable energy, stores energy, or any combination thereof, with the electricity meter on the customer's premises that is provided by an electric cooperative or municipal system:
 - (A) in a timely manner;
 - (B) in accordance with requirements established by the electric cooperative or municipal utility to ensure the safety of utility workers; and
 - (C) after providing written notice to the electric cooperative or municipal utility system providing service in the service territory, installing a nomenclature plate on the electrical meter panel and meeting all applicable State and local safety and electrical code requirements associated with installing a parallel distributed generation system; and
 - (4) receive fair credit for excess energy delivered to the distribution grid.
- (c) The policies of municipal systems and electric cooperatives regarding self-generation and credits for excess electricity may reasonably differ from those required of other entities by Article XVI of the Public Utilities Act or other Acts. The credits must recognize the value of self-generation to the distribution grid and benefits to other customers.
- (d) Within 180 days after this amendatory Act of the 102nd General Assembly, each electric cooperative and municipal system shall update its policies for the interconnection and fair crediting of customer self-generation and storage if necessary, to comply with the standards of subsection (b) of this Section. Each electric cooperative and municipal system shall post its updated policies to a public-facing area of its website.
- (e) An electric cooperative or municipal system customer who produces, consumes, and stores his or her own renewable energy shall not face discriminatory rate design, fees or charges, treatment, or excessive compliance requirements that would unreasonably affect that customer's right to self-generate electricity as provided for in this Section.
- (f) An electric cooperative or municipal utility system customer shall have a right to appeal any decision related to self-generation and storage that violates these rights to self-generation and

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non-discrimination pursuant to the provisions of this Section through a complaint under the Administrative Review Law or similar legal process.