



Sen. Linda Holmes

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1 AMENDMENT TO SENATE BILL 1083

2 AMENDMENT NO. _____. Amend Senate Bill 1083 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Public Utilities Act is amended by adding
5 Section 9-254 as follows:

6 (220 ILCS 5/9-254 new)

7 Sec. 9-254. Greenhouse Gas Plan; multi-year rate
8 structure, tariff, and protocols; annual reconciliations.

9 (a) Participating gas utility commitments.

10 (1) For purposes of this Section, "participating gas
11 utility" means a public utility that provides natural gas
12 distribution services to more than 150,000 retail
13 customers in Illinois that voluntarily elects and commits
14 to develop and implement a Greenhouse Gas Plan that
15 significantly reduces, offsets, or avoids greenhouse gas
16 emissions in the State of Illinois attributable to the

1 utility's operations and customers' end use of gas
2 delivered by the utility. A participating gas utility
3 shall commit, at the time it elects to participate, that,
4 by 2030, it will: (i) lower the overall carbon intensity
5 of the fuel supply provided to its customers as set forth
6 in subparagraph (A) of paragraph (2) of this subsection;
7 (ii) make qualified investments as described in
8 subparagraph (B) of paragraph (2) of this subsection
9 designed to, among other things, measure, reduce,
10 displace, or offset methane and other greenhouse gas
11 emissions from utility operations; and (iii) implement and
12 deploy customer programs and make qualified investments
13 designed to reduce or offset greenhouse gas emissions in
14 the State of Illinois as set forth in subparagraph (C) of
15 paragraph (2) of this subsection. A participating gas
16 utility is entitled to recover the expenditures made under
17 the Greenhouse Gas Plan through its regulated rates,
18 including, but not limited to, through the multi-year
19 performance-based rate process set forth in subsection (b)
20 of this Section.

21 (2) Each participating gas utility shall implement a
22 Greenhouse Gas Plan that contains the following
23 commitments to lower the overall carbon intensity of the
24 fuel supply provided to its customers and reducing,
25 offsetting, or avoiding greenhouse gas emissions in the
26 State of Illinois attributable to the utility's operations

1 and customers' end use by 2030:

2 (A) A participating gas utility shall commit to
3 lowering the overall carbon intensity of the fuel
4 supply delivered to its customers by incorporating
5 sustainable gas into its gas supply portfolio by not
6 less than 2% of the natural gas utility's total gas
7 supply portfolio (by volume) by the year 2030 through
8 activities that may include, but are not limited to:

9 (i) contracting with a producer of sustainable
10 gas to purchase gas supply from a sustainable gas
11 facility;

12 (ii) purchasing gas produced from a
13 sustainable gas facility, whether or not the gas
14 has environmental commodities;

15 (iii) incorporating the gas produced from a
16 sustainable gas facility into the supply portfolio
17 of the natural gas utility; and

18 (iv) selling the gas produced from a
19 sustainable gas facility directly to the customers
20 of the natural gas utility;

21 (B) The calculation of the share of the supply
22 portfolio shall not include the volume of gas of any
23 type delivered but not sold by the natural gas
24 utility. For purposes of this subsection, sustainable
25 gas shall include the following:

26 (i) renewable natural gas, which includes any

1 of the following products processed to meet
2 applicable utility pipeline quality standards or
3 transportation fuel grade requirements that it may
4 blend with, or substitute for, geologic natural
5 gas:

6 (1) biogas, which is a mixture of carbon
7 dioxide and hydrocarbons, primarily methane
8 gas, released from the biological
9 decomposition of organic materials, including,
10 without limitation, biomass, manure, plant
11 material, sewage, and landfill waste;

12 (2) hydrogen gas derived from renewable
13 energy sources; and

14 (3) methane gas derived from any
15 combination of: biogas; hydrogen gas or carbon
16 oxides derived from renewable energy sources;
17 or carbon dioxide;

18 (ii) other low-carbon fuels, which include:

19 (1) hydrogen or other fuels derived from
20 zero-carbon or low-carbon energy sources or
21 from other sources where the CO₂ produced is
22 capture and stored;

23 (2) methane gas derived from hydrogen or
24 other fuels derived from zero-carbon or
25 low-carbon energy sources or from other
26 sources where the CO₂ produced is capture and

1 stored; and

2 (3) any additional fuel that has a lower
3 lifecycle carbon emissions than traditionally
4 derived geological natural gas; and

5 (iii) next generation natural gas, which is a
6 geological natural gas supplied from a producer
7 who has certified contractually or through a third
8 party to a lower methane intensity from production
9 and gathering operations that results in a lower
10 lifecycle carbon dioxide equivalent emissions than
11 an established baseline for geologic natural gas
12 or otherwise has certified that the gas has been
13 produced through operational practices to lower
14 emissions.

15 Nothing in this Section shall be interpreted as
16 preventing the gas utility from purchasing sustainable
17 fuels without environmental commodities, although such
18 purchases shall not be applicable to meeting the goals
19 set forth in this Section if environmental commodities
20 do apply to such fuels. As used in this paragraph,
21 "sustainable fuels" includes renewable natural gas and
22 other low-carbon fuels.

23 (C) A participating gas utility shall commit to
24 making qualified investments in gas distribution
25 system improvements designed to, among other things,
26 support the measurement, reduction, displacement, or

1 offset of greenhouse gas emissions from utility
2 operations. The participating gas utility shall,
3 except as provided in this subsection (a), make these
4 qualified investments over a 9-year period beginning
5 no later than 180 days after a participating gas
6 utility files a multi-year performance-based rate
7 tariff pursuant to subsection (b) of this Section or
8 beginning no later than January 1, 2022. As used in
9 this subparagraph (C), "qualified investments"
10 includes, but is not limited to:

11 (i) investments in pipeline replacement,
12 meter, and other infrastructure modernization
13 targeted at lowering system leakage;

14 (ii) improvements in nonemergency operational
15 programs for pipe maintenance to reduce venting;

16 (iii) advanced leak detection, response, and
17 repair;

18 (iv) investments that improve direct
19 measurement of emissions from operations;

20 (v) other operational investments targeted at
21 developing sources of sustainable fuels in the
22 State of Illinois for the purpose of providing
23 environmental benefits and diversifying the supply
24 of energy in the State or otherwise targeted at
25 reducing greenhouse gas emissions from utility
26 operations, including, without limitation,

1 investments in research and development in
2 emerging technologies;

3 (vi) investments in sustainable fuels
4 facilities, including, but not limited to, owning,
5 in whole or in part, and operating a sustainable
6 fuels facility connected to the distribution
7 system where the utility retains all or a majority
8 of the environmental commodities unless otherwise
9 determined by the natural gas utility;

10 (vii) extending the transmission or
11 distribution system of the natural gas utility to
12 interconnect with a sustainable fuels facility
13 where the utility retains all or a majority of the
14 environmental commodities unless otherwise
15 determined by the natural gas utility unless
16 otherwise determined by the natural gas utility;

17 (viii) sustainable fuels investments that
18 reduce or avoid greenhouse gas emissions in the
19 State of Illinois, where the utility retains all
20 or a majority of the environmental commodities
21 unless otherwise determined by the natural gas
22 utility;

23 (ix) investments that reduce or offset methane
24 and other greenhouse gas emissions from utility
25 operations that the Commission finds are prudent
26 and reasonable;

1 (x) investment in natural gas, compressed
2 natural gas, and hydrogen infrastructure and
3 vehicles to convert utility fleet vehicles and
4 support customers looking to convert vehicles from
5 gasoline and diesel fuel, including installation
6 of vehicle refueling stations accessible to the
7 public at each regional distribution center with
8 both rapid fill and overnight fill stations;

9 (xi) investment in infrastructure and vehicles
10 to convert certain fleet vehicles to electric
11 vehicles; and

12 (xii) other prudently incurred investments
13 made by the participating natural gas utility that
14 contribute to the participating natural gas
15 utility meeting a goal to be net-zero methane
16 emissions by 2030.

17 (D) A participating gas public utility commits to
18 implement and deploy customer programs and make
19 qualified investments designed to reduce or offset
20 greenhouse gas emissions in the State of Illinois in
21 the residential, commercial, and other sectors.
22 Examples of these programs and qualified investments
23 may include, but are not limited to:

24 (i) investment in natural gas energy
25 efficiency programs in addition to programs set
26 forth in Section 8-104 of this Act with increased

1 focus on greenhouse gas reductions and support for
2 low-income customers;

3 (ii) programs to offer customers opportunities
4 to reduce their carbon footprint, including, but
5 not limited to, voluntary customer programs that
6 provide carbon offsets or purchase of renewable
7 natural gas; and

8 (iii) Investments into research and
9 development and emerging technologies aimed at
10 operational safety, greenhouse gas emission
11 reductions, and energy savings, including energy
12 and appliance efficiency, carbon capture, and use
13 of future fuels like hydrogen as a substitute for
14 or blending with geologic natural gas, or as a
15 source for substitute natural gas.

16 (3) As part of the filing for the first triennial base
17 rate case under the participating utility's multi-year
18 rate tariff filed under subsection (b) of this Section, a
19 participating utility shall submit to the Commission its
20 Greenhouse Gas Plan, including a scope, schedule, and
21 investment plan designed to satisfy commitments made
22 pursuant to paragraph (2) of this subsection for the
23 9-year period following the filing of the plan. The plan
24 need not allocate the work equally over the respective
25 periods, but should allocate material increments
26 throughout such periods commensurate with the work to be

1 undertaken. Consistent with subsection (b) of this
2 Section, the Greenhouse Gas Plan shall be updated with
3 each successive triennial base rate case filing through
4 the conclusion of the Greenhouse Gas Plan.

5 (4) For purposes of meeting the goals set forth in
6 this Section, sustainable gas that is purchased by the
7 natural gas utility or if the natural gas utility makes
8 investments in a sustainable gas facility, the gas must,
9 if applicable, include environmental commodities
10 associated with the gas. In addition, if the natural gas
11 utility makes investments in a sustainable gas facility,
12 the natural gas utility may retain all or a majority of the
13 environmental commodities, unless otherwise determined by
14 the natural gas utility. For purposes of this subsection,
15 "environmental commodities" means non-tangible energy
16 credits, and any and all current and future rights,
17 credits, benefits, air quality credits, methane capture
18 credits, renewable energy credits, emission reductions,
19 offsets, and allowances, howsoever referred to, associated
20 with the capture, production, generation, transportation,
21 use, and environmental characteristics of biogas and
22 sustainable gas, the displacement of fossil-based natural
23 gas for any use (including, without limitation, thermal
24 use, electricity generation, and use as a transportation
25 fuel), the reduction of air pollutants or the avoidance of
26 the emission of any gas, chemical, or other substance,

1 including, without limitation, any similar commodities,
2 whether arising out of international, federal, state, or
3 local laws or regulations.

4 (5) If the Commission finds that a participating
5 utility is no longer eligible to update the multi-year
6 rate pursuant to subsection (b) of this Section, or the
7 multi-year rate tariff is otherwise terminated, then the
8 participating utility's commitments and obligations under
9 this subsection shall immediately terminate.

10 (6) In meeting the obligations of this subsection, to
11 the extent feasible and consistent with State and federal
12 law, the investments under the Greenhouse Gas Plan should
13 provide employment opportunities for all segments of the
14 population and workforce, including minority-owned and
15 women-owned business enterprises, and shall not,
16 consistent with State and federal law, discriminate based
17 on race or socioeconomic status.

18 (7) Nothing in this Section shall prohibit the
19 Commission from investigating the prudence and
20 reasonableness of the expenditures made under the
21 Greenhouse Gas Plan submitted in accordance with this
22 Section during the triennial base rate cases or the annual
23 reconciliations required by subsection (c) of this Section
24 and shall, as part of the investigation, determine whether
25 the utility's actual costs under the program are prudent
26 and reasonable.

1 (b) Multi-year rate structure, tariff, and protocols.

2 (1) Notwithstanding any of the ratemaking provisions
3 of this Article that are deemed to require rate of return
4 regulation, a participating gas utility that meets the
5 requirements of subsection (a) of this Section may
6 implement a multi-year rate tariff, structure, and
7 protocols approved by the Commission in order to establish
8 just and reasonable rates for natural gas delivery
9 services on a multi-year cycle. The multi-year rate tariff
10 shall specify the cost components that form the basis of
11 the rates to be charged to customers with sufficient
12 specificity to operate in a standardized manner and be
13 reconciled annually with transparent information that
14 reflects the utility's actual costs to be recovered during
15 each applicable rate year, which is the period beginning
16 with the first billing day of January and extending
17 through the last billing day of the following December.

18 (2) The multi-year rate tariff, structure, and
19 protocols approved by the Commission shall:

20 (A) Provide for the recovery of the gas utility's
21 actual costs of gas delivery services that are
22 prudently incurred and reasonable in amount consistent
23 with Commission practice and law. The sole fact that a
24 cost differs from that incurred in a prior calendar
25 year or that an investment is different from that made
26 in a prior calendar year shall not imply the

1 imprudence or unreasonableness of that cost or
2 investment.

3 (B) Require a participating gas utility to file a
4 base rate case every 3 years, which shall be known as
5 the triennial base rate case, that contains a detailed
6 investment plan for the 3 calendar years beginning the
7 January 1 after the filing. The investment plan shall
8 include the requisite information and detail,
9 consistent with the Commission's future test year
10 rules to establish 3 forward test years for the gas
11 utility.

12 (C) Calculate revenue requirements for the
13 calendar year following each base rate case, and, in
14 addition, the second and third years following the
15 base rate case.

16 (D) Provide that if the participating gas
17 utility's earned rate of return on common equity
18 related to the provision of natural gas delivery
19 services for the prior rate year (calculated using
20 costs of debt and actual year-end capital structure
21 approved by the Commission in its most recent
22 triennial base rate case subject to the Commission
23 reviewing for reasonableness and prudence and
24 difference between the actual capital structure and
25 the capital structure approved in the previous
26 triennial base rate case) consistent with this

1 Section, in accordance with Commission rules and
2 orders, including, but not limited to, adjustments for
3 goodwill, and after any Commission-ordered
4 disallowances and taxes, is higher than the rate of
5 return on common equity calculated pursuant to
6 subparagraph (G) of paragraph (2) of this subsection
7 (b) for that same rate year, then the participating
8 utility shall apply a credit through the annual
9 reconciliation process described in subsection (c) of
10 this Section that reflects an amount equal to the
11 value of that portion of the earned rate of return on
12 common equity that is higher than the rate of return on
13 common equity calculated pursuant to subparagraph (G)
14 of paragraph (2) of this subsection (b) for the prior
15 rate year, adjusted for taxes. If the participating
16 utility's earned rate of return on common equity
17 related to the provision of natural gas delivery
18 services for the prior rate year (calculated using
19 costs and capital structure approved by the Commission
20 as provided in subparagraphs (F) and (G) of paragraph
21 (2) of this subsection, consistent with this Section
22 in accordance with Commission rules and orders,
23 including, but not limited to, adjustments for
24 goodwill, and after any Commission-ordered
25 disallowances and taxes) is less than the return on
26 common equity calculated pursuant to subparagraph (G)

1 of paragraph (2) of this subsection (b), then the
2 participating utility shall apply a charge through the
3 annual reconciliation process described in subsection
4 (c) of this Section that reflects an amount equal to
5 the value of that portion of the earned rate of return
6 on common equity that is less than the rate of return
7 on common equity calculated pursuant to subparagraph
8 (G) of paragraph (2) of this subsection (b) for the
9 prior rate year, adjusted for taxes.

10 (E) Provide for an annual reconciliation, as
11 described in subsection (c) of this Section, with
12 interest, of the revenue requirement reflected in
13 rates for each calendar year, beginning with the first
14 calendar year after the utility files its multi-year
15 rate tariff pursuant to subsection (b) of this
16 Section, with what the revenue requirement would have
17 been had the actual cost information for the
18 applicable calendar year been available at the filing
19 date.

20 (F) Reflect the utility's actual capital structure
21 for the applicable calendar years, excluding goodwill,
22 subject to a determination of prudence and
23 reasonableness consistent with Commission practice and
24 law.

25 (G) Reflect the gas utility's cost of equity,
26 which shall be determined in each triennial base rate

1 case and shall be applied to calculate the
2 participating gas utility's revenue requirement for
3 each of the 3 test years filed with the base rate case.

4 (H) Follow the general protocols and procedures of
5 the ratemaking provisions of this Article, including
6 tariff filing, timing, and suspension requirements.
7 Filing requirements, discovery, and proceeding
8 protocols shall be similar to traditional rate
9 proceedings under this Article, subject to Commission
10 rulemakings to set forth the details of the
11 proceedings.

12 The inputs to the rate for each applicable rate year
13 shall reflect the year-end rate base based on projected
14 data for that rate year consistent, insofar as applicable,
15 with the Commission's existing future test year rules or
16 the rules adopted for this Section, and shall include
17 projected plant additions and correspondingly updated
18 depreciation reserve and expense for the calendar year in
19 which the inputs are filed.

20 The multi-year rate shall be applicable to all natural
21 gas delivery services customers.

22 (3) A participating gas utility shall initiate the
23 multi-year rate process by filing with the Commission its
24 proposed multi-year rate tariff, structure, and protocols,
25 and initial rates for the first 3 years. The Commission
26 shall initiate a docket to review the filing and enter an

1 order approving, or approving as modified, the multi-year
2 rate tariff, structure, and protocols, the initial rates,
3 and any conforming revisions to other tariffs as just and
4 reasonable within 330 days after the date on which the
5 tariff was filed. The Commission's review shall be based
6 on the same evidentiary standards, including, but not
7 limited to, those concerning the prudence and
8 reasonableness of the costs incurred by the utility, the
9 Commission applies in a hearing to review a filing for a
10 general increase in rates under this Article. The
11 multi-year rate tariff, structure, and protocols, initial
12 rates, and any conforming revisions to other tariffs shall
13 take effect no later than 30 days after the Commission's
14 order approving them.

15 (4) The Commission may adopt rules specifying filing
16 and information requirements for multi-year rate filings
17 that generally contain the level of detail currently set
18 forth in the Commission's rules for future test year rate
19 case filings. If the Commission has not adopted such
20 rules, the utility shall file information that generally
21 contains the same level of detail as required by the
22 information requirements applicable to forward test years
23 under the Commission's current rules.

24 (5) If the participating gas utility recovers a
25 portion of its costs through automatic adjustment clause
26 tariffs other than those authorized by Section 9-220.3 of

1 this Act on the effective date of this amendatory Act of
2 the 102nd General Assembly, the participating gas utility
3 may elect to continue to recover these costs through such
4 tariffs, but such costs shall not be recovered through the
5 multi-year rate. The applicability of an automatic
6 adjustment clause tariff providing for the recovery of
7 costs that the participating gas utility elects to be
8 included in the multi-year rate is suspended by operation
9 of law on the date on which costs that would have been
10 otherwise recovered through the automatic adjustment
11 clause begin being recovered through rates established
12 under the multi-year rate tariff and structure, provided
13 that neither the suspension nor the multi-year rate alters
14 or affects reconciling charges or credits under such
15 automatic adjustment clause tariff that arise from periods
16 prior to the beginning of the first calendar year to be
17 reconciled under subsection (c). Such suspended automatic
18 adjustment clause tariff again becomes effective, by
19 operation of law and without any further order of the
20 Commission, on the date when a multi-year rate recovering
21 such costs is no longer effective. If the participating
22 gas utility, before the effective date of this amendatory
23 Act of the 102nd General Assembly, filed natural gas
24 delivery services tariffs with the Commission pursuant to
25 Section 9-201 of this Act that are still pending on the
26 effective date of this amendatory Act of the 102nd General

1 Assembly, the participating gas utility shall, at the time
2 it files its multi-year rate tariff with the Commission,
3 also file a notice of withdrawal with the Commission to
4 withdraw the natural gas delivery services tariffs
5 previously filed pursuant to Section 9-201 of this Act.
6 Upon receipt of the notice of withdrawal, the Commission
7 shall dismiss with prejudice any docket that had been
8 initiated to investigate the natural gas delivery services
9 tariffs filed pursuant to Section 9-201 of this Act, and
10 the tariffs and the record related to the tariffs shall
11 not be the subject of any further hearing, investigation,
12 or proceeding of any kind related to rates for natural gas
13 delivery services. The participating gas utility may also
14 file revisions to other tariffs then in effect that refer
15 to a base rate or base rate case to conform those
16 references to the applicable multi-year rate tariff,
17 structure, protocols, or process.

18 (6) Subsequent changes to the multi-year rate
19 structure or protocols shall be made as set forth in
20 Section 9-201 of this Act, but nothing in this subsection
21 (b) is intended to limit the Commission's authority under
22 this Article and other provisions of this Act to initiate
23 an investigation of a participating utility's multi-year
24 rate tariff, provided that any such changes shall be
25 consistent with this subsection (b) and subsection (c).
26 Any change ordered by the Commission shall be made at the

1 same time new rates take effect following the Commission's
2 next triennial base rate case order pursuant to
3 subsections (b) and (c) of this Section, provided that the
4 new rates take effect no less than 30 days after the date
5 on which the Commission issues an order adopting the
6 change.

7 (7) The multi-year rate tariff, structure, and
8 protocols shall remain in effect at the discretion of the
9 utility. The participating gas utility is not precluded
10 from filing a rate case under the provisions of this
11 Article at any time. If the participating utility chooses
12 to terminate the multi-year rate structure, or in the
13 event the multi-year rate structure is terminated by the
14 Commission, the then current rates shall remain in effect
15 until new rates are set pursuant to this Article, subject
16 to retroactive rate adjustment, with interest, to
17 reconcile rates charged with actual costs. At the time the
18 multi-year rate structure is terminated, the participating
19 utility's voluntary commitments and obligations under
20 subsection (a) of this Section shall immediately terminate
21 and any investments made pursuant to the most recent
22 Greenhouse Gas Plan shall be included as rate base in the
23 following rate proceeding filed pursuant to this Article.

24 (c) Annual reconciliations.

25 (1) On or before June 1 of the year immediately
26 following year one, the participating gas utility shall

1 file with the Chief Clerk of the Commission updated actual
2 cost inputs to the rates established under the multi-year
3 rate plan for year one, the resulting updated charges
4 applicable to year one, and a request for reconciliation
5 of year one rates in accordance with the provisions of
6 this subsection. This reconciliation, which shall be known
7 as the initial annual reconciliation, shall reconcile the
8 revenue requirement initially established for year one by
9 Commission's initial triennial base rate case order (if
10 not in effect for the entirety of year one, weighted, as
11 applicable, with any prior rates in effect that year) and
12 the amount collected by the participating gas utility via
13 a surcharge tariff pursuant to Section 9-220.3 of this Act
14 during year one on account of qualifying infrastructure
15 investment, as that term is defined in subsection (b) of
16 9-220.3, that occurred during year one, with the revenue
17 requirement determined in the same manner, including the
18 utility's capital structure and cost of equity as
19 determined in the most recent triennial base rate case, as
20 the revenue requirement initially established for year one
21 by Commission's initial triennial base rate case order,
22 except using the actual costs for year one, and a year-end
23 rate base for year one. The first such reconciliation is
24 not intended to provide for the recovery of costs
25 previously excluded from rates based on a prior Commission
26 order finding of imprudence or unreasonableness. Any

1 over-collection or under-collection indicated by such
2 reconciliation shall be reflected as a credit against, or
3 recovered as an additional charge to, respectively, with
4 interest calculated at a rate equal to the utility's
5 weighted average cost of capital approved by the
6 Commission in the initial triennial base rate case, the
7 rates applicable in the following applicable rate year. As
8 used in this subsection, "year one" means the calendar
9 year in which rates established the participating gas
10 utility's initial triennial base rate case and multi-year
11 rate structure and protocols first go into effect.

12 (2) On or before June 1 of each subsequent year in
13 which rates established under any triennial base rate case
14 and the multi-year rate tariff, structure, and protocols
15 are in effect, the participating gas utility shall file
16 with the Chief Clerk of the Commission its updated actual
17 cost inputs to the rates established under the multi-year
18 rate tariff for the previous calendar year and a request
19 for reconciliation of rates in accordance with the
20 provisions of this subsection. Each such reconciliation
21 shall address the prior calendar year in which rates
22 established under the multi-year tariff and structure were
23 in effect and shall reconcile the revenue requirements
24 established by Commission's previous triennial base rate
25 case order in effect for that year with the revenue
26 requirement determined in the same manner, including the

1 utility's capital structure and cost of equity, as in the
2 most recent triennial base rate case, using actual costs
3 for that year, and the year-end rate base for that year
4 subject to metric performance adjustments set forth in
5 subsection (e) of this Section. Any over-collection or
6 under-collection indicated by such reconciliation of the
7 rate period shall be reflected as a credit against, or
8 recovered as an additional charge to, respectively, with
9 interest calculated at a rate equal to the utility's
10 weighted average cost of capital approved by the
11 Commission in the most recent triennial base rate case,
12 the charges for the following applicable rate year.

13 (3) Notwithstanding anything to the contrary, the
14 intent of the reconciliation is to ultimately reconcile
15 the revenue requirement reflected in rates for each
16 calendar year, beginning with the calendar year following
17 year one pursuant to this subsection (c), with what the
18 revenue requirement determined using a year-end rate base
19 for the applicable calendar year would have been had the
20 actual cost information for the applicable calendar year
21 been available at the filing date, considering any charge
22 or credit required by subparagraph (D) of paragraph (2) of
23 subsection (d) of this Section.

24 (4) The new charge or credit resulting from the
25 initial and subsequent annual reconciliation, if any,
26 resulting from the calculation required by this subsection

1 (c) shall take effect beginning on the first billing day
2 of the following January billing period and remain in
3 effect through the last billing day of the December
4 billing period.

5 (5) The initial and each annual reconciliation filing
6 shall include relevant and necessary data and
7 documentation for the applicable rate year that is
8 consistent with the Commission's rules applicable to a
9 filing for a general increase in rates or any rules
10 adopted by the Commission to implement this Section.
11 Normalization adjustments shall not be required.

12 (6) Within 45 days after the utility makes its initial
13 or subsequent annual reconciliation filing, the Commission
14 shall have the authority, either upon complaint or its own
15 initiative, but with reasonable notice, to enter upon a
16 hearing concerning the prudence and reasonableness of the
17 costs incurred by the utility to be recovered during the
18 applicable rate year that are reflected in the inputs to
19 the multi-year rate. During the course of the hearing,
20 each objection shall be stated with particularity and
21 evidence provided in support thereof, after which the
22 utility shall have the opportunity to rebut the evidence.
23 Discovery shall be allowed consistent with the
24 Commission's Rules of Practice, which Rules shall be
25 enforced by the Commission or the assigned administrative
26 law judge. The Commission shall apply the same evidentiary

1 standards, including, but not limited to, those concerning
2 the prudence and reasonableness of the costs incurred by
3 the utility, in the hearing as it would apply in a hearing
4 to review a filing for a general increase in rates under
5 this Article. The Commission shall not, however, have the
6 authority in a proceeding under this subsection (c) to
7 consider or order any changes to the structure or
8 protocols of the multi-year rate approved pursuant to
9 subsection (b) of this Section. Nor shall the Commission
10 have the authority to reconsider any determinations of the
11 prudence and reasonableness of plans made as part of its
12 approval of a multi-year rate plan, provided that the
13 Commission may consider the prudence of utility actions
14 and reasonableness of utilities costs incurred in
15 executing those plans. In a proceeding under this
16 subsection (c), the Commission shall enter its order no
17 later than the earlier of 240 days after the utility's
18 filing of its annual reconciliation and update of cost
19 inputs to the multi-year rate or December 31. The
20 Commission's determinations of the prudence and
21 reasonableness of the costs incurred for the applicable
22 calendar year shall be final upon entry of the
23 Commission's order and shall not be subject to reopening,
24 reexamination, or collateral attack in any other
25 Commission proceeding, case, docket, order, or rule;
26 however, nothing in this subsection (c) shall prohibit a

1 party from petitioning the Commission to rehear or appeal
2 to the courts the order pursuant to the provisions of this
3 Act.

4 (7) If the Commission does not, either upon complaint
5 or its own initiative, enter upon a hearing within 45 days
6 after the utility files the annual reconciliation and
7 update of cost inputs, then the costs incurred for the
8 applicable calendar year shall be deemed prudent and
9 reasonable, and the filed charges shall not be subject to
10 reopening, reexamination, or collateral attack in any
11 other proceeding, case, docket, order, or rule.

12 (d) Rate design. Nothing in subsection (b) or (c) of this
13 Section shall prohibit the Commission from investigating, or a
14 participating utility from filing, revenue-neutral tariff
15 changes related to rate design of a multi-year rate that has
16 been placed into effect for the utility. Following approval of
17 a participating utility's multi-year rate tariff pursuant to
18 subsection (b) of this Section, the utility shall make a
19 filing with the Commission within one year after the effective
20 date of a multi-year rate tariff that proposes changes to the
21 tariff to incorporate the findings of any final rate design
22 orders of the Commission applicable to the participating
23 utility and entered subsequent to the Commission's approval of
24 the tariff. The Commission shall, after notice and hearing,
25 enter its order approving, or approving with modification, the
26 proposed changes to the multi-year rate tariff within 240 days

1 after the utility's filing. Following such approval, the
2 utility shall make a filing with the Commission during each
3 subsequent 3-year period that either proposes revenue-neutral
4 tariff changes or re-files the existing tariffs without
5 change, which shall present the Commission with an opportunity
6 to suspend the tariffs and consider revenue-neutral tariff
7 changes related to rate design.

8 (e) Performance-based metrics.

9 (1) Within 30 days after the filing of a tariff
10 pursuant to subsection (b) of this Section, each
11 participating gas utility shall develop and file with the
12 Commission a plan designed to achieve, over a 9-year
13 period, the following:

14 (A) incorporation of sustainable gas into its gas
15 supply portfolio by not less than 2% of the natural gas
16 utility's total gas supply portfolio (by volume) by
17 the year 2030 as set forth in subsection (a) of this
18 Section;

19 (B) implementation of the proposed qualified
20 investments, as set forth in subparagraph (B) of
21 paragraph (2) of subsection (a) of this Section, in
22 support of the measurement, reduction, displacement,
23 or offset of greenhouse gas emissions from utility
24 operations by the participating gas utility;

25 (C) implementation of the proposed customer
26 programs and qualified investments, as set forth in

1 subparagraph (B) of paragraph (2) of subsection (a) of
2 this Section, in support of a pathway to reduce,
3 offset, or avoid other greenhouse gas in metric tons
4 of carbon dioxide equivalent in the State of Illinois
5 attributable to residential, commercial, and
6 industrial customer use of energy and opportunities to
7 reduce emissions in other sectors of the State's
8 economy; and

9 (D) opportunities for minority-owned, women-owned,
10 and veteran-owned business enterprises: design a
11 performance metric regarding the creation of
12 opportunities for minority-owned, women-owned, and
13 veteran-owned business enterprises consistent with
14 State and federal law using a base performance value
15 of the percentage of the participating gas utility's
16 capital expenditures that were paid to minority-owned,
17 women-owned, and veteran-owned business enterprises in
18 the years 2018, 2019, and 2020.

19 (2) The metrics plan shall include information about
20 the potential greenhouse gas emission benefits of the
21 investments and programs that are proposed as part of the
22 plan. The natural gas utility shall utilize Environmental
23 Protection Agency and other industry recognized greenhouse
24 gas reporting protocols, subject to adjustments over time
25 by the gas utility as governed by documented changes in
26 industry recognized protocols, governmental and regulatory

1 requirements and changes.

2 (3) The metrics shall include incremental performance
3 goals for every 3-year period in alignment with the
4 Greenhouse Gas Plan filed with each triennial base rate
5 case filed in accordance with subsection (b) of this
6 Section that shall be designed to demonstrate that the gas
7 utility is on track to achieve the performance goal in
8 each category at the end of the 9-year period.

9 (4) With respect to each of the performance goals
10 established pursuant to paragraphs (1) and (2) of this
11 subsection (e), as applicable, which together measure the
12 participating gas utilities progress relating to the
13 implementation of its commitments set forth in subsection
14 (a) of this Section, the performance under each such
15 3-year goal shall be calculated in terms of the percentage
16 of the goal achieved or missed. The percentage of goal
17 achieved or missed for each of the goals shall be
18 aggregated and an average percentage value calculated, for
19 each year of the 10-year period. If the utility exceeds an
20 average percentage value in a given year of at least 5%,
21 the participating utility's return on equity approved in
22 the triennial base rate case shall be increased by 25
23 basis points when the revenue requirement is recalculated
24 for purposes of the following 3 annual reconciliations
25 filed pursuant to subsection (c) of this Section. If the
26 utility does not achieve an average percentage value in a

1 given year of at least 95%, the participating utility's
2 return on equity approved in the triennial base rate case
3 shall be decreased by 25 basis points when the revenue
4 requirement is recalculated for purposes of the following
5 3 annual reconciliations filed pursuant to subsection (c)
6 of this Section.

7 (5) The Commission shall, after notice and hearing,
8 enter an order within 120 days after the metrics are filed
9 approving, or approving with modification, a participating
10 utility's proposed metrics set forth in this subsection.

11 (6) Along with each triennial base rate case filing
12 (after the initial triennial base rate case) made pursuant
13 to subsection (b), each participating utility shall file a
14 report with the Commission that includes, among other
15 things, a description of how the participating gas utility
16 performed under each metric and an identification of any
17 extraordinary events that adversely or positively impacted
18 the utility's performance. The first report filed with the
19 triennial base rate case filing (after the initial
20 triennial base rate case) shall provide data with respect
21 to the utility's performance under the metrics during the
22 2 rate years preceding the filing and subsequent reports
23 shall address the utility's performance under the metrics
24 for the previous 3-year period. Whenever a participating
25 utility satisfies or does not satisfy the metrics required
26 pursuant to this subsection (e), the Commission shall

1 approve financial incentives or penalties, as appropriate,
2 in accordance with this subsection (e). The
3 Commission-approved incentives or financial penalties
4 shall be applied to the return on equity that is
5 determined in the triennial base rate case. Nothing in
6 this Section shall authorize the Commission to increase or
7 reduce or otherwise obviate the imposition of financial
8 incentives or penalties for achieving or failing to
9 achieve one or more of the metrics established pursuant to
10 subparagraphs (1) through (3) of this subsection (e).

11 (7) If the multi-year rate tariff established pursuant
12 to subsection (b) of this Section terminates, the
13 utility's obligations under this subsection (e) shall also
14 terminate; however, any penalties due and owing at the
15 time of such termination shall be applied in the
16 participating utilities following rate proceedings under
17 this Article.

18 (f) Relationship to pre-existing automatic adjustment
19 clause tariffs authorized by Section 9-220.3. Any surcharge
20 tariff of a participating gas utility authorized by paragraph
21 (3) of subsection (a) of Section 9-220.3 of this Act that is in
22 effect on the effective date of the multi-year rate tariff
23 approved by the Commission for that utility pursuant to the
24 provisions of this Section shall be suspended by operation of
25 law on the effective date of that multi-year rate tariff.
26 Notwithstanding anything in paragraph (4) of subsection (a)

1 and paragraph (2) of subsection (e) of Section 9-220.3 of this
2 Act, a participating gas utility shall not file a petition to
3 initiate a final reconciliation of amounts collected under
4 such a surcharge tariff on account of qualifying
5 infrastructure investment, as that term is defined in
6 subsection (b) of Section 9-220.3, that occurred during any
7 calendar year for which a reconciliation will be made under
8 subsection (c), and no adjustment to the initial rates set in
9 the participating gas utility's initial triennial base rate
10 case shall be made based on the fact that the utility had such
11 a tariff in effect or recovered any portion of its revenue
12 requirement through such a tariff.

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