



Rep. Ann M. Williams

Filed: 5/10/2023

10300HB2875ham002

LRB103 26364 SPS 60502 a

1 AMENDMENT TO HOUSE BILL 2875

2 AMENDMENT NO. _____. Amend House Bill 2875 by replacing
3 everything after the enacting clause with the following:

4 "Section 1. Short title. This Act may be referred to as the
5 Thermal Energy Network and Jobs Act.

6 Section 5. Legislative findings and intent.

7 (a) The General Assembly finds and declares that:

8 (1) This State has a strong interest in ensuring that
9 emissions of greenhouse gases from buildings are reduced
10 because buildings are one of this State's largest sources
11 of greenhouse gases due to the combustion of fossil fuels
12 for heating, domestic hot water production, cooking, and
13 other end uses.

14 (2) The decarbonization of buildings must be pursued
15 in a manner that is affordable and accessible, preserves
16 and creates living-wage jobs, and retains the knowledge

1 and experience of the existing utility union workforce.

2 (3) Thermal energy networks have the potential to
3 decarbonize buildings at the community and utility scale
4 and help achieve the goals of Public Act 102-662 (also
5 known as the Climate and Equitable Jobs Act).

6 (4) Thermal energy networks consist of pipe loops
7 between multiple buildings and energy sources, which carry
8 water and can be connected to by building owners to
9 support heating and cooling and hot water services.
10 Building owners can connect to the loops to support water
11 heating and cooling and hot water services.

12 (5) Many utilities in this State have been seeking to
13 develop thermal energy networks but have encountered legal
14 and regulatory barriers.

15 (6) This State has a strong interest in ensuring an
16 adequate supply of reliable electrical power and,
17 therefore, needs to promote the development of alternative
18 power sources and take steps to assure reliable
19 deliverability. Thermal energy networks are highly
20 efficient because they use and exchange thermal energy
21 from many underground sources and buildings, including
22 recycled thermal energy, which minimizes impacts on the
23 electricity grid.

24 (7) Access to thermal energy networks has the
25 potential to reduce the upfront and operating costs of
26 building electrification for customers.

1 (8) A utility's access to capital, the utility's
2 experience with networked infrastructure in public
3 rights-of-way, and the requirement that the utility serve
4 all customers positions the utility well to develop and
5 scale thermal energy networks that are accessible to all
6 customers and to coordinate the development of thermal
7 energy networks with any orderly rightsizing of the
8 utility gas system.

9 (9) This State also has an interest in the efficient
10 and reliable delivery of energy and the energy
11 infrastructure of the State, which interest is
12 acknowledged throughout the Public Utilities Act. Utility
13 corporations and other power suppliers share these
14 interests and, moreover, have a duty to protect
15 proprietary interests in the projects they fund. Such
16 investments of ratepayer resources can be protected by
17 establishing effective contractor qualification and
18 performance standards, including requirements for
19 prevailing wage rates, bona fide apprenticeship criteria,
20 and project labor agreements.

21 (10) The construction industry is highly skilled and
22 labor intensive, and the installation of modern thermal
23 energy networks involves particularly complex work.
24 Therefore, effective qualification standards for craft
25 labor personnel employed on these projects are critically
26 needed to promote successful project delivery.

1 (11) Finally, these findings are especially vital now
2 because the construction industry is experiencing
3 widespread skill shortages across the country, which are
4 crippling existing capital projects and threatening
5 projects planned for the future. The construction of
6 thermal energy networks will utilize many of the same
7 skills that the current utility and building trades
8 workforces already possess.

9 (b) It is the intent of the General Assembly that passage
10 of this Act is for the following purposes:

11 (1) to remove the legal barriers to utility
12 development of thermal energy networks and require the
13 Illinois Commerce Commission, within 90 days after the
14 effective date of this amendatory Act of the 103rd General
15 Assembly, to begin to authorize and direct utilities to
16 immediately commence piloting thermal energy networks in
17 each and every utility territory;

18 (2) to direct and authorize the Illinois Commerce
19 Commission to develop a regulatory structure for utility
20 thermal energy networks that scales affordable and
21 accessible building electrification, protects customers,
22 and balances the role of incumbent monopoly utilities with
23 other market and public actors;

24 (3) to promote the successful planning and delivery of
25 thermal energy networks and protect critical investments
26 in such projects by requiring the use of appropriate

1 quality craft labor policies that ensure the development
2 of and access to an adequate supply of well trained,
3 highly skilled craft persons needed to support timely,
4 reliable, high-quality projects;

5 (4) to promote strong economic development and good
6 jobs for local residents in the expanding decarbonized
7 sector by requiring application of progressive State labor
8 and employment policies that ensure public utility
9 investments and related State subsidies create
10 unparalleled skill training and employment opportunities
11 for residents in project areas through the use of local
12 prevailing wage standards and successful, bona fide
13 apprenticeship programs or project labor agreements that
14 incorporate prevailing wage and training standards and
15 provide additional benefits for project owners and
16 workers; and

17 (5) to promote the use of preapprenticeship programs
18 that will fortify and expand existing apprenticeship
19 programs through systematic outreach efforts to recruit
20 and assist persons from underrepresented and low income
21 communities by providing such persons with remedial
22 education, social services, and unique opportunities for
23 direct access into high-quality apprenticeship programs
24 and gainful employment in the growing building
25 decarbonization workforce.

1 Section 900. The Public Utilities Act is amended by
2 changing Sections 3-101 and by adding Sections 3-127, 3-128,
3 and 8-513 as follows:

4 (220 ILCS 5/3-101) (from Ch. 111 2/3, par. 3-101)

5 Sec. 3-101. Definitions. Unless otherwise specified, the
6 terms set forth in Sections 3-102 through 3-128 ~~3-126~~ are used
7 in this Act as therein defined.

8 (Source: P.A. 97-96, eff. 7-13-11; 97-239, eff. 8-2-11;
9 97-813, eff. 7-13-12.)

10 (220 ILCS 5/3-127 new)

11 Sec. 3-127. Thermal energy. "Thermal energy" means piped
12 noncombustible fluids used for transferring heat into and out
13 of buildings for the purpose of reducing any resultant onsite
14 greenhouse gas emissions of all types of heating and cooling
15 processes, including, but not limited to, comfort heating and
16 cooling, domestic hot water, and refrigeration.

17 (220 ILCS 5/3-128 new)

18 Sec. 3-128. Thermal energy network. "Thermal energy
19 network" means all real estate, fixtures, and personal
20 property operated, owned, used, or to be used for, in
21 connection with, or to facilitate a utility-scale distribution
22 infrastructure project that supplies thermal energy.

1 (220 ILCS 5/8-513 new)

2 Sec. 8-513. Pilot thermal energy network development.

3 (a) The Illinois Commerce Commission shall initiate a
4 proceeding within 6 months after the effective date of this
5 amendatory Act of the 103rd General Assembly to support the
6 development of pilot thermal energy networks. The Commission
7 shall consider matters in the proceeding, including, but not
8 limited to, the appropriate ownership, market, and rate
9 structures for pilot thermal energy networks and whether the
10 provision of thermal energy services by thermal network energy
11 providers is in the public interest.

12 (b) Within 12 months after the effective date of this
13 amendatory Act of the 103rd General Assembly, any gas public
14 utility, electric public utility, or combination public
15 utility serving over 100,000 customers shall file with the
16 Commission a petition seeking Commission approval of at least
17 one and no more than 3 proposed pilot thermal energy network
18 projects. Designs for the projects should coordinate and
19 maximize the value of existing State energy efficiency and
20 weatherization programs and take full advantage of federal
21 funding opportunities. No later than 18 months after the
22 effective date of this amendatory Act of the 103rd General
23 Assembly, the Commission shall enter an order approving,
24 approving with modification, or rejecting each proposed pilot
25 thermal energy network project and shall direct the public
26 utility to implement the pilot thermal energy network projects

1 as approved or approved as modified. In considering whether to
2 approve or approve as modified each pilot thermal energy
3 network project, the Commission shall consider whether the
4 pilot thermal energy network project is in the public
5 interest, whether the pilot thermal energy network project
6 will develop information useful for the Commission in adopting
7 rules governing thermal energy networks, whether the pilot
8 thermal energy network project furthers climate justice and
9 emissions reduction, whether the pilot thermal energy network
10 project advances financial and technical approaches to
11 equitable and affordable building electrification, and whether
12 the pilot thermal energy network project creates benefits to
13 customers and society at large, including, but not limited to,
14 public health benefits in areas with disproportionate
15 environmental or public health burdens, job retention and
16 creation, reliability, and increased affordability of
17 renewable thermal energy options.

18 (c) If a utility proposes 3 pilot thermal energy network
19 projects, at least one project shall be proposed in
20 economically disadvantaged communities and at least one shall
21 be focused on existing electric heat customers. Each public
22 utility shall coordinate with other public utilities and
23 consultants with expertise on successful pilot projects to
24 ensure that the pilot projects are diverse and designed to
25 inform the Commission's decisions in the proceeding on the
26 various ownership, market, and rate structures for thermal

1 energy networks. The pilot project proposals shall be made
2 publicly available on the Commission's website.

3 (d) Any gas public utility, electric public utility, or
4 combination public utility constructing or operating a
5 Commission-approved pilot thermal energy network project shall
6 report to the Commission, on a quarterly basis and until
7 completion of the pilot thermal energy network project, as
8 determined by the Commission, the status of each pilot thermal
9 energy network project. The Commission shall post and make
10 publicly available the reports on its website. The report
11 shall include, but not be limited to:

12 (1) the stage of development of each pilot project;

13 (2) the barriers to development;

14 (3) the number of customers served;

15 (4) the costs of the pilot project;

16 (5) the number of jobs retained or created by the
17 pilot project; and

18 (6) any other information the Commission deems to be
19 in the public interest or considers likely to prove useful
20 or relevant to the rulemaking described in subsection (h).

21 (e) Any gas public utility, electric public utility, or
22 combination public utility constructing or operating a
23 Commission-approved pilot thermal energy network project shall
24 demonstrate that it has entered into a labor peace agreement
25 with a bona fide labor organization that is actively engaged
26 in representing its employees. The labor peace agreement shall

1 apply to the employees necessary for the ongoing maintenance
2 and operation of the thermal energy network. The labor peace
3 agreement shall be an ongoing material condition of
4 authorization to maintain and operate the thermal energy
5 networks.

6 (f) Any contractor or subcontractor that performs work on
7 a pilot thermal energy network under this Section shall be a
8 responsible bidder as described in Section 30-22 of the
9 Illinois Procurement Code and shall certify that not less than
10 prevailing wage, as determined under the Prevailing Wage Act,
11 was or will be paid to employees who are engaged in
12 construction activities associated with the pilot thermal
13 energy network project. The contractor or subcontractor shall
14 submit evidence to the Commission that it complied with the
15 requirements of this subsection.

16 (g) For any pending application for a thermal energy
17 network, the contractor or subcontractor shall submit evidence
18 that the contractor or subcontractor has entered into a fully
19 executed project labor agreement with the applicable local
20 building trades council. The Commission shall not approve any
21 pending applications until the contractor or subcontractor has
22 submitted the information required under this subsection.

23 (h) Within 4 years after the completion of the
24 construction of all thermal energy network projects under this
25 Section, the Commission shall adopt rules to, at a minimum:

26 (1) create fair market access rules for thermal energy

1 networks to accept thermal energy and that do not increase
2 greenhouse gas emissions or copollutants;

3 (2) to the extent it is in the public interest to do
4 so, exempt small-scale thermal energy networks from active
5 regulation by the Commission;

6 (3) promote the training and transition of utility
7 workers impacted by this amendatory Act of the 103rd
8 General Assembly; and

9 (4) encourage third-party participation and
10 competition where it will maximize benefits to customers.

11 (i) A gas public utility, electric public utility, or
12 combination public utility required to develop any pilot
13 thermal energy network project under this Section shall be
14 permitted to recover all reasonable and prudently incurred
15 costs associated with the development, construction, and
16 operation of one or more pilot thermal energy network projects
17 through general rates set pursuant to Section 9-201 or through
18 rates set in a Multi-Year Rate Plan pursuant to Section
19 16-108.18.

20 Section 999. Effective date. This Act takes effect upon
21 becoming law."