

1 AN ACT concerning utilities.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

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
17 and experience of the existing utility union workforce.

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

22 (4) Thermal energy networks consist of pipe loops
23 between multiple buildings and energy sources, which carry

1 water and can be connected to by building owners to
2 support heating and cooling and hot water services.
3 Building owners can connect to the loops to support water
4 heating and cooling and hot water services.

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

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

17 (7) Access to thermal energy networks has the
18 potential to reduce the upfront and operating costs of
19 building electrification for customers.

20 (8) A utility's access to capital, the utility's
21 experience with networked infrastructure in public
22 rights-of-way, and the requirement that the utility serve
23 all customers positions the utility well to develop and
24 scale thermal energy networks that are accessible to all
25 customers and to coordinate the development of thermal
26 energy networks with any orderly rightsizing of the

1 utility gas system.

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

14 (10) The construction industry is highly skilled and
15 labor intensive, and the installation of modern thermal
16 energy networks involves particularly complex work.
17 Therefore, effective qualification standards for craft
18 labor personnel employed on these projects are critically
19 needed to promote successful project delivery.

20 (11) Finally, these findings are especially vital now
21 because the construction industry is experiencing
22 widespread skill shortages across the country, which are
23 crippling existing capital projects and threatening
24 projects planned for the future. The construction of
25 thermal energy networks will utilize many of the same
26 skills that the current utility and building trades

1 workforces already possess.

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

4 (1) to remove the legal barriers to utility
5 development of thermal energy networks and require the
6 Illinois Commerce Commission, within 90 days after the
7 effective date of this amendatory Act of the 103rd General
8 Assembly, to begin to authorize and direct utilities to
9 immediately commence piloting thermal energy networks in
10 each and every utility territory;

11 (2) to direct and authorize the Illinois Commerce
12 Commission to develop a regulatory structure for utility
13 thermal energy networks that scales affordable and
14 accessible building electrification, protects customers,
15 and balances the role of incumbent monopoly utilities with
16 other market and public actors;

17 (3) to promote the successful planning and delivery of
18 thermal energy networks and protect critical investments
19 in such projects by requiring the use of appropriate
20 quality craft labor policies that ensure the development
21 of and access to an adequate supply of well trained,
22 highly skilled craft persons needed to support timely,
23 reliable, high-quality projects;

24 (4) to promote strong economic development and good
25 jobs for local residents in the expanding decarbonized
26 sector by requiring application of progressive State labor

1 and employment policies that ensure public utility
2 investments and related State subsidies create
3 unparalleled skill training and employment opportunities
4 for residents in project areas through the use of local
5 prevailing wage standards and successful, bona fide
6 apprenticeship programs or project labor agreements that
7 incorporate prevailing wage and training standards and
8 provide additional benefits for project owners and
9 workers; and

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

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

22 (220 ILCS 5/3-101) (from Ch. 111 2/3, par. 3-101)

23 Sec. 3-101. Definitions. Unless otherwise specified, the
24 terms set forth in Sections 3-102 through 3-128 ~~3-126~~ are used

1 in this Act as therein defined.

2 (Source: P.A. 97-96, eff. 7-13-11; 97-239, eff. 8-2-11;
3 97-813, eff. 7-13-12.)

4 (220 ILCS 5/3-127 new)

5 Sec. 3-127. Thermal energy. "Thermal energy" means piped
6 noncombustible fluids used for transferring heat into and out
7 of buildings for the purpose of reducing any resultant onsite
8 greenhouse gas emissions of all types of heating and cooling
9 processes, including, but not limited to, comfort heating and
10 cooling, domestic hot water, and refrigeration.

11 (220 ILCS 5/3-128 new)

12 Sec. 3-128. Thermal energy network. "Thermal energy
13 network" means all real estate, fixtures, and personal
14 property operated, owned, used, or to be used for, in
15 connection with, or to facilitate a utility-scale distribution
16 infrastructure project that supplies thermal energy.

17 (220 ILCS 5/8-513 new)

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

19 (a) The Illinois Commerce Commission shall initiate a
20 proceeding within 6 months after the effective date of this
21 amendatory Act of the 103rd General Assembly to support the
22 development of pilot thermal energy networks. The Commission
23 shall consider matters in the proceeding, including, but not

1 limited to, the appropriate ownership, market, and rate
2 structures for pilot thermal energy networks and whether the
3 provision of thermal energy services by thermal network energy
4 providers is in the public interest.

5 (b) Within 12 months after the effective date of this
6 amendatory Act of the 103rd General Assembly, any gas public
7 utility, electric public utility, or combination public
8 utility serving over 100,000 customers shall file with the
9 Commission a petition seeking Commission approval of at least
10 one and no more than 3 proposed pilot thermal energy network
11 projects. Designs for the projects should coordinate and
12 maximize the value of existing State energy efficiency and
13 weatherization programs and take full advantage of federal
14 funding opportunities. No later than 18 months after the
15 effective date of this amendatory Act of the 103rd General
16 Assembly, the Commission shall enter an order approving,
17 approving with modification, or rejecting each proposed pilot
18 thermal energy network project and shall direct the public
19 utility to implement the pilot thermal energy network projects
20 as approved or approved as modified. In considering whether to
21 approve or approve as modified each pilot thermal energy
22 network project, the Commission shall consider whether the
23 pilot thermal energy network project is in the public
24 interest, whether the pilot thermal energy network project
25 will develop information useful for the Commission in adopting
26 rules governing thermal energy networks, whether the pilot

1 thermal energy network project furthers climate justice and
2 emissions reduction, whether the pilot thermal energy network
3 project advances financial and technical approaches to
4 equitable and affordable building electrification, and whether
5 the pilot thermal energy network project creates benefits to
6 customers and society at large, including, but not limited to,
7 public health benefits in areas with disproportionate
8 environmental or public health burdens, job retention and
9 creation, reliability, and increased affordability of
10 renewable thermal energy options.

11 (c) If a utility proposes 3 pilot thermal energy network
12 projects, at least one project shall be proposed in
13 economically disadvantaged communities and at least one shall
14 be focused on existing electric heat customers. Each public
15 utility shall coordinate with other public utilities and
16 consultants with expertise on successful pilot projects to
17 ensure that the pilot projects are diverse and designed to
18 inform the Commission's decisions in the proceeding on the
19 various ownership, market, and rate structures for thermal
20 energy networks. The pilot project proposals shall be made
21 publicly available on the Commission's website.

22 (d) Any gas public utility, electric public utility, or
23 combination public utility constructing or operating a
24 Commission-approved pilot thermal energy network project shall
25 report to the Commission, on a quarterly basis and until
26 completion of the pilot thermal energy network project, as

1 determined by the Commission, the status of each pilot thermal
2 energy network project. The Commission shall post and make
3 publicly available the reports on its website. The report
4 shall include, but not be limited to:

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

6 (2) the barriers to development;

7 (3) the number of customers served;

8 (4) the costs of the pilot project;

9 (5) the number of jobs retained or created by the
10 pilot project; and

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

14 (e) Any gas public utility, electric public utility, or
15 combination public utility constructing or operating a
16 Commission-approved pilot thermal energy network project shall
17 demonstrate that it has entered into a labor peace agreement
18 with a bona fide labor organization that is actively engaged
19 in representing its employees. The labor peace agreement shall
20 apply to the employees necessary for the ongoing maintenance
21 and operation of the thermal energy network. The labor peace
22 agreement shall be an ongoing material condition of
23 authorization to maintain and operate the thermal energy
24 networks.

25 (f) Any contractor or subcontractor that performs work on
26 a pilot thermal energy network under this Section shall be a

1 responsible bidder as described in Section 30-22 of the
2 Illinois Procurement Code and shall certify that not less than
3 prevailing wage, as determined under the Prevailing Wage Act,
4 was or will be paid to employees who are engaged in
5 construction activities associated with the pilot thermal
6 energy network project. The contractor or subcontractor shall
7 submit evidence to the Commission that it complied with the
8 requirements of this subsection.

9 (g) For any pending application for a thermal energy
10 network, the contractor or subcontractor shall submit evidence
11 that the contractor or subcontractor has entered into a fully
12 executed project labor agreement with the applicable local
13 building trades council. The Commission shall not approve any
14 pending applications until the contractor or subcontractor has
15 submitted the information required under this subsection.

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

19 (1) create fair market access rules for thermal energy
20 networks to accept thermal energy and that do not increase
21 greenhouse gas emissions or copollutants;

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

25 (3) promote the training and transition of utility
26 workers impacted by this amendatory Act of the 103rd

1 General Assembly; and
2 (4) encourage third-party participation and
3 competition where it will maximize benefits to customers.

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

13 Section 999. Effective date. This Act takes effect upon
14 becoming law.