



Sen. Rachel Ventura

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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) Thermal loop technology provides benefits to  
2 participants and non-participants alike including societal  
3 benefits to the environment and the market benefits  
4 associated with the reduction of both the volume and peak  
5 demand of electricity and natural gas.

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

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

26           (10) The construction industry is highly skilled and

1 labor intensive, and the installation of modern thermal  
2 energy networks involves particularly complex work.  
3 Therefore, effective qualification standards for craft  
4 labor personnel employed on these projects are critically  
5 needed to promote successful project delivery.

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

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

16 (1) to remove the legal barriers to utility  
17 development of thermal energy networks and require the  
18 Illinois Commerce Commission, within 18 months after the  
19 effective date of this amendatory Act of the 103rd General  
20 Assembly, to begin to authorize and direct utilities to  
21 immediately commence piloting thermal energy networks in  
22 each and every utility territory to the extent  
23 practicable;

24 (2) to direct and authorize the Illinois Commerce  
25 Commission to develop a regulatory structure for utility  
26 thermal energy networks that scales affordable and

1 accessible building electrification, protects customers,  
2 and balances the role of incumbent monopoly utilities with  
3 other market and public actors;

4 (3) to promote the successful planning and delivery of  
5 thermal energy networks and protect critical investments  
6 in such projects by requiring the use of appropriate  
7 quality craft labor policies that ensure the development  
8 of and access to an adequate supply of well trained,  
9 highly skilled craft persons needed to support timely,  
10 reliable, high-quality projects;

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

23 (5) to promote the use of preapprenticeship programs  
24 that will fortify and expand existing apprenticeship  
25 programs through systematic outreach efforts to recruit  
26 and assist persons from underrepresented and low income

1 communities by providing such persons with remedial  
2 education, social services, and unique opportunities for  
3 direct access into high-quality apprenticeship programs  
4 and gainful employment in the growing building  
5 decarbonization workforce.

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

9 (220 ILCS 5/3-101) (from Ch. 111 2/3, par. 3-101)

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

13 (Source: P.A. 97-96, eff. 7-13-11; 97-239, eff. 8-2-11;  
14 97-813, eff. 7-13-12.)

15 (220 ILCS 5/3-127 new)

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

22 (220 ILCS 5/3-128 new)

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

6           (220 ILCS 5/8-513 new)

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

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

17       (b) Within 10 months after the effective date of this  
18 amendatory Act of the 103rd General Assembly, any gas public  
19 utility, electric public utility, or combination public  
20 utility serving over 100,000 customers shall file with the  
21 Commission a petition seeking Commission approval of at least  
22 one and no more than 3 proposed pilot thermal energy network  
23 projects. Designs for the projects should coordinate and  
24 maximize the value of existing State energy efficiency and  
25 weatherization programs and take advantage of federal funding

1 opportunities to the extent practicable. No later than 20  
2 months after the effective date of this amendatory Act of the  
3 103rd General Assembly, the Commission shall enter an order  
4 approving, approving with modification, or rejecting each  
5 proposed pilot thermal energy network project and shall direct  
6 the public utility to implement the pilot thermal energy  
7 network projects as approved or approved as modified. In  
8 considering whether to approve or approve as modified each  
9 pilot thermal energy network project, the Commission shall  
10 consider whether the pilot thermal energy network project is  
11 in the public interest, whether the pilot thermal energy  
12 network project will develop information useful for the  
13 Commission in adopting rules governing thermal energy  
14 networks, whether the pilot thermal energy network project  
15 furtheres climate justice and emissions reduction, whether the  
16 pilot thermal energy network project advances financial and  
17 technical approaches to equitable and affordable building  
18 electrification, and whether the pilot thermal energy network  
19 project creates benefits to customers and society at large,  
20 including, but not limited to, public health benefits in areas  
21 with disproportionate environmental or public health burdens,  
22 job retention and creation, reliability, and increased  
23 affordability of renewable thermal energy options. After the  
24 filing of a petition, a utility may request the Commission to  
25 grant additional time for approval of the pilot thermal energy  
26 network project, which shall be approved for at least 6 months



1 upon request or up to 12 months upon a showing that additional  
2 time would benefit the development of the pilot thermal energy  
3 network project.

4 (c) If a utility proposes 3 pilot thermal energy network  
5 projects, at least one project shall be proposed in  
6 economically disadvantaged communities as defined in Section  
7 5-35 of the Energy Transition Act and at least one shall be  
8 focused on existing electric heat customers. Each public  
9 utility shall coordinate with other public utilities and  
10 consultants with expertise on successful pilot projects to  
11 ensure that the pilot projects are diverse and designed to  
12 inform the Commission's decisions in the proceeding on the  
13 various ownership, market, and rate structures for thermal  
14 energy networks. The pilot project proposals shall be made  
15 publicly available on the Commission's website. Utilities are  
16 encouraged to develop plans that enable and facilitate access  
17 to thermal loop technology benefits, including access by to  
18 low and moderate income households. As part of any pilot  
19 project proposed under this Section, a public utility may  
20 propose to include customer rebates, incentives, associated  
21 tariffs, and proposed regulatory treatment, in a manner  
22 similar to Commission approved electric energy efficiency  
23 plans described in Section 8-103B.

24 (d) Any gas public utility, electric public utility, or  
25 combination public utility constructing or operating a  
26 Commission-approved pilot thermal energy network project shall

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

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

8 (2) the barriers to development;

9 (3) the number of customers served;

10 (4) the costs of the pilot project;

11 (5) the number of jobs retained or created by the  
12 pilot project; and

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

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

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

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

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

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

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

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

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

6           (i) A gas public utility, electric public utility, or  
7           combination public utility required to develop any pilot  
8           thermal energy network project under this Section shall be  
9           permitted to recover all reasonable and prudently incurred  
10           costs associated with the development, construction, and  
11           operation of one or more pilot thermal energy network projects  
12           through general rates set pursuant to Section 9-201 or through  
13           rates set in a Multi-Year Rate Plan pursuant to Section  
14           16-108.18. The Commission shall have broad discretion in  
15           approving proposed pilot projects that are consistent with the  
16           public interest and shall have the discretion to approve all  
17           tariffs and issue other regulatory approvals as necessary to  
18           permit a pilot program that facilitates a full review of  
19           technologies and associated policies with respect to thermal  
20           network technology in Illinois.

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