



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

SB1242

Introduced 2/2/2023, by Sen. Chapin Rose

SYNOPSIS AS INTRODUCED:

New Act

Creates the State Power Purchase Agreement Act. Provides that the Smart Energy Design Assistance Center (SEDAC) is designated as the lead agency for the development and promotion of a program to facilitate the deployment of renewable energy power purchase agreements with State agencies. Provides for the selection of qualified renewable energy power purchase agreement project developers. Allows State agencies to enter into renewable energy power purchase agreements with renewable energy developers for the construction and use of solar or wind energy, or both, on State property controlled by the State agency or on which daily operations of the State agency occur. Provides further requirements concerning the awarding of contracts to developers and purchase of power under power purchase agreements. Specifies the duration of power purchase agreement contracts. Provides for third-party financing of renewable energy power purchase agreement projects. Provides for the use of moneys saved by State agencies by entering into renewable energy power purchase agreements. Provides for reporting to the Illinois Commerce Commission. Defines terms. Effective immediately.

LRB103 04778 HLH 49788 b

1 AN ACT concerning finance.

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 cited as the State
5 Power Purchase Agreement Act.

6 Section 5. Purpose. The purpose of this Act is to obtain
7 long-term energy and cost-savings for State agencies by
8 facilitating engagement in Power Purchase Agreements in
9 connection with buildings, facilities, and lands owned,
10 operated, or under the supervision and control of State
11 agencies. These agreements will improve and protect the
12 health, safety, security, and welfare of the people of this
13 State by promoting renewable energy deployment, reducing air
14 emissions, and reducing costs.

15 Section 10. Definitions. As used in this Act:

16 "Renewable energy infrastructure" means solar and wind
17 energy infrastructure constructed on State property under the
18 provisions of a power purchase project agreement.

19 "Renewable energy power purchase agreement" is a long-term
20 contract between a party that generates renewable electricity
21 (typically an independent power developer) and a State agency
22 that purchases electricity.

1 "Renewable energy power purchase agreement project
2 developer" or "developer" means a person or organization with
3 a record of successful deployment and operation of renewable
4 energy power purchase agreement projects.

5 "Renewable energy project" means any system comprised of
6 equipment, devices, or fuels that enable the use or storage of
7 renewable energy sources such as wind, solar, geothermal, or
8 biofuels.

9 "State agency" has the meaning provided in Section 1-7 of
10 the Illinois State Auditing Act.

11 Section 15. Smart Energy Design Assistance Center (SEDAC).

12 (a) The Smart Energy Design Assistance Center (SEDAC)
13 based at the University of Illinois at Urbana-Champaign is
14 hereby designated to be the lead agency for the development
15 and promotion of a program to facilitate the deployment of
16 renewable energy power purchase agreements with State
17 agencies. SEDAC will coordinate its activities with the
18 Department of Central Management Services and other relevant
19 State agencies, under the direction of the Governor, and will
20 have the following duties with respect to this program:

21 (1) assistance to the Department of Central Management
22 Services to assemble a list of qualified renewable energy
23 project developers and to negotiate with such qualified
24 project developers master service contracts and pricing
25 schedules;

1 (2) development of a standardized power purchase
2 agreement contract process and standard contract
3 documents, including requests for qualifications, requests
4 for proposals, and reporting metrics and content on the
5 operations and status of the renewable energy power
6 purchase project agreement; and

7 (3) promotion of the renewable energy power purchase
8 agreements to all State agencies.

9 (b) SEDAC shall assist State agencies in identifying,
10 evaluating, and implementing cost-effective renewable energy
11 power purchase agreements at their facilities. The assistance
12 shall include:

13 (1) notifying State agencies of this Act;

14 (2) apprising State agencies of opportunities to
15 implement renewable energy power purchase agreements;

16 (3) providing technical and analytical support,
17 including assessment and identification of site specific
18 renewable energy opportunities;

19 (4) reviewing and verifying estimates for energy
20 savings and emissions reductions; and

21 (5) assisting in the structuring and arranging of
22 renewable energy power purchase agreements and projects.

23 (c) SEDAC is authorized to fix, charge, and collect
24 reasonable fees, not to exceed 2% of the energy cost savings of
25 the renewable energy power purchase agreement for any
26 administrative or technical support provided by SEDAC, or its

1 designee, under this subsection (c) from the State agency that
2 uses its technical support services. State agencies are
3 authorized to add the costs of these fees to the total cost of
4 the renewable energy power purchase agreement.

5 (d) The Governor is encouraged to develop and submit to
6 the General Assembly a regular or supplemental budget request
7 for the additional funds and staffing required by the Smart
8 Energy Design Assistance Center to fulfill the duties required
9 under this Section.

10 Section 20. Selection of qualified renewable energy power
11 purchase agreement project developers. The State process of
12 implementing renewable energy power purchase agreements shall
13 be as provided in this Section.

14 (a) Regarding requests for qualifications, the Department
15 of Central Management Services is authorized to assemble a
16 list of qualified renewable energy power purchase agreements
17 project developers, in accordance with the provisions of the
18 Illinois Procurement Code. The Department of Central
19 Management Services shall attempt to use objective criteria in
20 the selection process. The criteria for evaluation shall
21 include substantive factors to assess the capability of the
22 qualified renewable energy power purchase agreement project
23 developers in the areas of design, engineering, installation,
24 maintenance, and repairs associated with renewable energy
25 systems. The substantive factors shall be as follows:

1 (1) experience in the design, implementation, and
2 maintenance of renewable energy systems;

3 (2) post-installation project monitoring, data
4 collection, and reporting of savings;

5 (3) overall project experience and qualifications;

6 (4) management capability;

7 (5) ability to access long-term financing;

8 (6) experience with projects of similar size and
9 scope; and

10 (7) other factors determined by the State agency to be
11 relevant and appropriate and relate to the ability to
12 perform the project.

13 (b) Regarding requests for proposals, before entering into
14 a renewable energy power purchase agreement under this
15 Section, a State agency shall issue a request for proposals
16 from up to 3 qualified renewable energy power purchase
17 agreement project developers. A State agency may thereafter
18 award the performance contract to the qualified purchase
19 agreement project developer that best meets the needs of the
20 State agency, which need not be the lowest cost provided. A
21 cost-effective feasibility analysis shall be prepared in
22 response to the request for proposals. The feasibility
23 analysis included in the response to the request for proposals
24 shall serve as the selection document for purposes of
25 selecting a renewable energy power purchase agreement project
26 developer to engage in final contract negotiations. Factors to

1 be included in selecting among the renewable energy power
2 purchase agreement project developers include contract terms,
3 comprehensiveness of the proposal, technical feasibility,
4 experience, and overall benefits to the State agency.

5 Section 25. Renewable energy power purchase agreement
6 projects.

7 (a) Subject to the provisions of Section 20, a State
8 agency may enter into a renewable energy power purchase
9 agreement with renewable energy developers for the
10 construction and use of solar or wind energy, or both, on State
11 property controlled by the State agency or on which daily
12 operations of the State agency occur.

13 (b) State agencies choosing to enter into a renewable
14 energy power purchase agreement under subsection (a) shall
15 enter into such agreement with a developer chosen through a
16 process in accordance with Section 20 and otherwise meeting
17 the requirements of the Illinois Procurement Code regarding
18 requests for proposals. A developer bidding for a contract
19 under this Section shall include a list of potential
20 third-party investors that would be ready and willing to
21 invest in the project upon awarding of the contract. A bid made
22 without a list of potential investors shall not be accepted
23 and no contract shall be awarded.

24 (c) The developer awarded a contract under subsection (b)
25 shall be provided land and facility access to the property

1 used by the State agency for the purpose of constructing and
2 managing a renewable energy infrastructure. The State agency,
3 based upon the renewable energy power purchase agreement,
4 shall then be able to purchase the power produced by the
5 renewable energy infrastructure from the developer at a lower
6 rate than it would otherwise pay for power. The developer
7 shall be responsible for the construction and management of
8 the renewable energy infrastructure on property used by the
9 State agency.

10 (d) Upon the awarding of a contract under subsection (b),
11 and in addition to the provisions of subsection (c), the
12 potential investors listed in the developer's bid shall be
13 contacted for the purposes of investing capital toward the
14 construction and operation of a renewable energy
15 infrastructure on property used by the State agency as
16 provided under the renewable energy power purchase agreement.
17 The investor shall be compensated through a subsequent
18 contract entered into between the investor and the State
19 agency. Failure of the developer to secure an investor
20 provided for in its bid may, at the discretion of the State
21 agency, render the contract between the developer and the
22 State agency void.

23 (e) No State agency that has entered into a renewable
24 energy power purchase agreement under this Section shall
25 purchase more power than is that State agency's normal
26 consumption for a given yearly period, nor shall that State

1 agency contract for the construction of renewable energy
2 infrastructure estimated to produce more power than is that
3 State agency's normal consumption for a given yearly period.

4 (f) Each State agency that has entered into a renewable
5 energy power purchase agreement under this Section shall,
6 within 2 years after entering into the agreement, issue a
7 report to the General Assembly on the operations and status of
8 the renewable energy power purchase agreement.

9 Section 30. Duration of contracts; financing. A renewable
10 energy power purchase agreement, and payments provided
11 thereunder, shall extend for periods of between 5 and 25
12 years. The allowable length of the contract may also reflect
13 the useful life of renewable energy equipment and facilities.
14 A renewable energy power purchase agreement may provide for
15 financing, including tax incentives by a third party. The
16 contract for third-party financing may be separate from the
17 renewable energy power purchase agreement. A separate contract
18 for third-party financing must include a provision that the
19 third-party financier must not be granted rights or privileges
20 that exceed the rights and privileges available to the
21 renewable energy power purchase agreement project developer.

22 Section 35. Use of moneys. The State agency engaging in
23 the renewable energy power purchase agreement shall retain the
24 savings achieved by entering into the renewable energy power

1 purchase agreement contract. State agencies are encouraged to
2 reinvest savings wherever practical into additional cost
3 savings measures. Unless otherwise provided by law, a State
4 agency shall use funds designated for operating and capital
5 expenditures or utilities for any renewable energy power
6 purchase agreement.

7 Section 40. Reports. For all projects carried out under
8 this Act, the State agency shall report the name of the
9 project, the project host, the investment on the project, the
10 energy savings, the energy cost savings, and the greenhouse
11 gas emission reductions to the Illinois Commerce Commission.
12 The Illinois Commerce Commission may report energy savings and
13 greenhouse gas emission reductions to the federal Energy
14 Information Administration under the Energy Policy Act of 1992
15 reporting standards.

16 Section 99. Effective date. This Act takes effect upon
17 becoming law.