



Sen. Robert Peters

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1 AMENDMENT TO SENATE BILL 1666

2 AMENDMENT NO. _____. Amend Senate Bill 1666 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 (9) 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 (10) 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 (11) 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 (12) 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 90 days 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;

23 (2) to direct and authorize the Illinois Commerce
24 Commission to develop a regulatory structure for utility
25 thermal energy networks that scales affordable and
26 accessible building electrification, protects customers,

1 and balances the role of incumbent monopoly utilities with
2 other market and public actors;

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

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

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

1 education, social services, and unique opportunities for
2 direct access into high-quality apprenticeship programs
3 and gainful employment in the growing building
4 decarbonization workforce.

5 Section 10. The Public Utilities Act is amended by
6 changing Section 3-101 and by adding Sections 3-127, 3-128,
7 and 8-513 as follows:

8 (220 ILCS 5/3-101) (from Ch. 111 2/3, par. 3-101)

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

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

14 (220 ILCS 5/3-127 new)

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

21 (220 ILCS 5/3-128 new)

22 Sec. 3-128. Thermal energy network. "Thermal energy

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

5 (220 ILCS 5/8-513 new)

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

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

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

1 months after the effective date of this amendatory Act of the
2 103rd General Assembly, the Commission shall enter an order
3 approving, approving with modification, or rejecting each
4 proposed pilot thermal energy network project and shall direct
5 the public utility to implement the pilot thermal energy
6 network projects as approved or approved as modified. In
7 considering whether to approve or approve as modified each
8 pilot thermal energy network project, the Commission shall
9 consider whether the pilot thermal energy network project is
10 in the public interest, whether the pilot thermal energy
11 network project will develop information useful for the
12 Commission in adopting rules governing thermal energy
13 networks, whether the pilot thermal energy network project
14 furtheres climate justice and emissions reduction, whether the
15 pilot thermal energy network project advances financial and
16 technical approaches to equitable and affordable building
17 electrification, and whether the pilot thermal energy network
18 project creates benefits to customers and society at large,
19 including, but not limited to, public health benefits in areas
20 with disproportionate environmental or public health burdens,
21 job retention and creation, reliability, and increased
22 affordability of renewable thermal energy options. After the
23 filing of a petition, a utility may request the Commission to
24 grant additional time for pilot development approval, which
25 shall be approved for at least 6 months upon request or up to
26 12 months upon a showing that additional time would benefit

1 pilot development.

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

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

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

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

7 (2) the barriers to development;

8 (3) the number of customers served;

9 (4) the costs of the pilot project;

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

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

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

26 (f) Any contractor or subcontractor that performs work on

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

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

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

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

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

26 (3) promote the training and transition of utility

1 workers impacted by this amendatory Act of the 103rd
2 General Assembly; and

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

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

20 Section 99. Effective date. This Act takes effect upon
21 becoming law."