



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

HB1510

Introduced 2/22/2007, by Rep. Robert F. Flider

SYNOPSIS AS INTRODUCED:

220 ILCS 5/16-103A new

Amends the Electric Service Customer Choice and Rate Relief Law of 1997 in the Public Utilities Act. Provides that beginning on the effective date of the provision, residential and small commercial customers shall be provided Standard Electric Service, which shall consist of the regulated delivery service and an electricity supply service priced according to the policies adopted by the Act. Provides that any residential retail customer or small commercial retail customer that is not otherwise being served by an alternative retail electric supplier shall be automatically provided with standard electric service, and provides that a residential retail customer or small commercial retail customer served by a competitive electricity supplier shall have the option to select standard electric service at any time. Sets forth terms and conditions for standard electric service. Provides that the Illinois Commerce Commission shall require each electric utility to submit a procurement plan that reflects a minimum 10-year planning and acquisition period that requires the utility to acquire and manage a diverse portfolio of resources and products that comply with certain requirements. Effective immediately.

LRB095 10692 MJR 30924 b

FISCAL NOTE ACT
MAY APPLY

HOUSING
AFFORDABILITY
IMPACT NOTE ACT
MAY APPLY

1 AN ACT concerning regulation.

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

4 Section 5. The Public Utilities Act is amended by adding
5 Section 16-103A as follows:

6 (220 ILCS 5/16-103A new)

7 Sec. 16-103A. Provision of standard electric service after
8 the mandatory transition period.

9 (a) Beginning on the effective date of this amendatory Act
10 of the 95th General Assembly, residential and small commercial
11 customers shall be provided standard electric service.
12 Standard electric service shall consist of an electricity
13 supply service priced according to the policies adopted by this
14 Act.

15 (b) Any residential retail customer or small commercial
16 retail customer that is not otherwise being served by an
17 alternative retail electric supplier shall be automatically
18 provided with standard electric service. Any residential
19 retail or small commercial retail customer served by a
20 competitive electricity supplier shall have the option to
21 select standard electric service at any time.

22 (c) The terms and conditions for standard electric service
23 shall at a minimum reflect the consumer protection programs and

1 policies governing application for service, deposit rules,
2 billing, credit, and collection practices in Chapter 280 of the
3 Commission's rules.

4 (d) Each electric utility shall plan, procure, and provide
5 standard electric service pursuant to a procurement plan for
6 electric supply approved by the Commission after notice and
7 opportunity for public hearing.

8 (e) The price for standard electric service shall be based
9 on the underlying actual and incremental just and reasonable
10 costs incurred by the electric utility to plan, procure, and
11 provide this service. Standard electric service shall not be
12 structured or priced to stimulate or force the development of a
13 competitive retail market. Rather, this service shall operate
14 as a benchmark or price to compare against which alternative
15 retail electric suppliers may market their services.

16 (f) Standard electric service shall be billed and collected
17 by the electric utility in a bill format that identifies the
18 unbundled price for standard electric service, which format
19 shall be approved by the Commission.

20 (g) Within 30 days of the effective date of this amendatory
21 Act of the 95th General Assembly, the Commission shall require
22 each electric utility to undertake the development of and
23 submit a procurement plan for standard electric service within
24 6 months of the effective date of this amendatory Act of the
25 95th General Assembly. The procurement plan shall reflect a
26 minimum 10-year planning and acquisition period. The

1 procurement plan shall be updated annually. Any Standard
2 Electric Service procurement plan shall comply with the
3 following requirements:

4 (1) The plan shall recommend a portfolio that is most
5 likely to provide the lowest total price with reasonable
6 price stability over the term of the plan so as to avoid
7 unusual, anomalous or excessive prices.

8 (2) The plan shall reflect a diversity of electric
9 supply and cost-effective demand reduction contracts and
10 services to be procured in an overlapping pattern of fixed
11 periods at such times and in such a manner that are likely
12 to produce just, reasonable, and reasonably stable prices
13 over the term of the plan.

14 (3) The electric utility shall systematically evaluate
15 and have the authority to propose short-term and long-term
16 contracts for the procurement of electric supply; own and
17 operate facilities for the generation of electric supply;
18 make investments in demand side resources; and take such
19 other actions as approved by the Commission to diversify
20 the standard offer service portfolio and assure compliance
21 with the statutory goals and objectives for this service.

22 (4) The recommended portfolio shall minimize the
23 reliance on short term or spot market transactions
24 consistent with a reasonable assessment of risk with
25 respect to both price and generation supply availability
26 during the term of the plan.

1 (5) The plan shall contain a mechanism to rely on
2 annual price changes for standard electric service that
3 reflects the actual changes in price of the various
4 components of the entire portfolio and minimize, to the
5 extent reasonable, the need for reconciliation of costs
6 associated with price changes in the entire portfolio on an
7 annual basis.

8 (h) The electric utility may recover the actual and
9 incremental costs incurred to manage the standard electric
10 service portfolio. The electric utility may propose an
11 incentive mechanism that establishes a procurement benchmark
12 or benchmarks that relies upon quantifiable objectives and
13 standards, and that balances risks and rewards for the electric
14 utility in meeting the portfolio management goals and
15 objectives as set forth in the approved procurement plan.

16 (i) To the extent possible, the electric utility shall rely
17 on competitive methods of acquiring the products, contracts,
18 and resources that are identified in its procurement plan for
19 standard electric service. The Commission shall approve any
20 proposed method or methods of competitive acquisition as part
21 of its review of the electric utility's proposed standard offer
22 service procurement plan.

23 (j) Standard electric service shall be available to
24 residential and small commercial customers at any time and
25 without the imposition of an additional fee or charge for
26 switching to the service. However, the Commission may adopt

1 minimum terms of service (not to exceed 12 months) or
2 additional fees for switching to competitive electric
3 providers if the Commission finds, after notice and opportunity
4 for public hearing and comment, that a significant number of
5 residential or small commercial customers have switched or are
6 likely to switch in the near future to alternative retail
7 electric suppliers or aggregators, thus increasing the risk
8 associated with the provision of standard electric service
9 under stable prices for the remaining customers. Any party that
10 proposes to impose minimum terms of service or switching fees
11 on residential or small commercial customers shall demonstrate
12 that switching activity by such customers has or is likely to
13 result in an increase in total costs for standard electric
14 service for that class of customers that exceeds 1% on an
15 annual basis.

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