



Electric Utility Oversight Committee

Adopted in House Comm. on Apr 19, 2007

09500HB1871ham001

LRB095 09347 MJR 35122 a

1 AMENDMENT TO HOUSE BILL 1871

2 AMENDMENT NO. _____. Amend House Bill 1871 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Public Utilities Act is amended by adding
5 Section 9-220.3 as follows:

6 (220 ILCS 5/9-220.3 new)

7 Sec. 9-220.3. Renewable energy portfolio standard and
8 energy efficiency portfolio standard.

9 (a) The General Assembly finds and declares that it is
10 desirable to obtain the environmental quality, public health,
11 employment, economic development, rate stabilization, and fuel
12 diversity benefits of developing new renewable energy
13 resources for use in Illinois. The General Assembly has
14 previously found and declared that the benefits of electricity
15 from renewable energy resources accrue to the public at large,
16 thus consumers and electric utilities and alternative retail

1 electric suppliers share an interest in developing and using a
2 significant level of these environmentally preferable
3 resources in the State's electricity supply portfolio. The
4 General Assembly has previously found and declared that
5 renewable forms of energy should be promoted as an important
6 element of the energy and environmental policies of the State.

7 (b) For purposes of this Section:

8 "Renewable energy credit" means a tradable credit that
9 represents the environmental attributes of a certain amount of
10 energy produced from a renewable energy resource.

11 "Renewable energy resources" includes energy and renewable
12 energy credits from wind, solar thermal energy, photovoltaic
13 cells and panels, dedicated crops grown for energy production
14 and organic waste biomass, hydropower that does not involve new
15 construction or significant expansion of hydropower dams, and
16 other such alternative sources of environmentally preferable
17 energy. "Renewable energy resources" does not include,
18 however, energy from the incineration, burning or heating of
19 waste wood, tires, garbage, general household, institutional
20 and commercial waste, industrial lunchroom or office waste,
21 landscape waste, or construction or demolition debris.

22 (c) The following renewable energy portfolio standards
23 shall apply:

24 (1) An electric utility shall procure or obtain
25 renewable energy resources in amounts that equal or exceed
26 the following percentages of the total electricity that

1 such electric utility supplies to its retail Illinois
2 customers: 2% by December 31, 2008; 4% by December 31,
3 2009; 5% by December 31, 2010; 6% by December 31, 2011; 7%
4 by December 31, 2012; 8% by December 31, 2013; 9% by
5 December 31, 2014; and 10% by December 31, 2015. It shall
6 be the goal of the State that cost-effective renewable
7 energy resources be available to supply an amount of the
8 total electricity that electric utilities supply to their
9 retail customers that will continue to increase after 2015
10 by 1.5% per year to 25% by 2025. Provided, however, that if
11 the Commission's promulgation of rules pursuant to item (7)
12 is delayed beyond March 31, 2008, but occurs prior to April
13 1, 2009, the initial target year and each subsequent target
14 year shall be delayed by one year; the targets shall be
15 delayed by an additional year for each additional year or
16 fraction thereof that the Commission's promulgation of
17 rules is delayed. In the event that the Commission's
18 promulgation of rules is delayed after March 31, 2008, but
19 occurs before July 1, 2008, the utility shall nonetheless
20 meet one-quarter of the target for 2008 of electricity
21 supplied to retail Illinois customers by December 31, 2008.
22 To the extent that it is available, at least 75% of the
23 renewable energy resources used to meet these standards
24 shall come from wind generation. For purposes of this
25 subsection (c), "cost-effective" shall mean that the costs
26 of procuring renewable energy resources do not cause the

1 limit stated in item (3) to be exceeded.

2 (2) For the purposes of this subsection (c), the
3 required procurement of renewable energy resources for a
4 particular year shall be measured as a percentage of the
5 actual amount of electricity (megawatthours) supplied by
6 the electric utility in the calendar year ending
7 immediately prior to the procurement.

8 (3) Notwithstanding the requirements of item (1) of
9 this subsection (c), an electric utility may reduce the
10 amount of renewable energy resources procured under new
11 contracts in any single year by an amount necessary to
12 limit the estimated average increase due to the cost of
13 these resources included in the amounts paid by retail
14 customers in connection with electric service to no more
15 than 0.5% of the amount paid by such customers during the
16 preceding calendar year, with such limit increasing by 0.5%
17 in each of the 3 years 2009 through 2011, for a maximum cap
18 on the allowed estimated average increase due to the cost
19 of these resources of 2.0%. The maximum cap on the allowed
20 estimated average increase due to the cost of these
21 resources is 2%. No later than June 30, 2011, the
22 Commission shall review the rate limitation and report to
23 the General Assembly its findings as to whether the rate
24 cap unduly constrains the procurement of renewable energy
25 resources that are cost effective.

26 (4) Renewable energy resources shall be counted for the

1 purpose of meeting the renewable energy standards set forth
2 in item (1) of this subsection (c) only if they are
3 generated from facilities located in the State, provided
4 that cost-effective renewable resources are available from
5 such facilities. After December 31, 2011, renewable energy
6 resources located in states that adjoin Illinois may be
7 counted towards compliance with the standards set forth in
8 item (1) of this subsection (c) so long as such resources
9 are generated from resources that meet the definition of
10 renewable energy resources as defined by this statute. Any
11 electric utility with fewer than 90,000 but more than
12 50,000 customers in Illinois as of January 1, 2007 shall be
13 allowed to count renewable energy resources generated in a
14 state adjoining Illinois for the purpose of meeting the
15 renewable energy standard set forth in item (1) of this
16 subsection (c) if such resources are generated from a
17 facility constructed in the year 2006.

18 (5) Each electric utility shall report to the
19 Commission on compliance with these standards by April 1 of
20 each year, beginning in 2009.

21 (6) If an electric utility does not, during a calendar
22 year, procure or obtain the full amount of renewable energy
23 resources specified by the standards in item (1) of this
24 subsection (c), as modified by the limitations of item (3)
25 of this subsection (c), then the electric utility shall pay
26 a penalty of \$40 per megawatthour for any shortfall during

1 such year unless and until the utility makes sufficient
2 additional purchases in the following year to offset the
3 shortfall. Provided, however, that, if the electric
4 utility proves to the Commission that cost-effective
5 renewable energy resources are not available in sufficient
6 quantities to meet the renewable energy standards set forth
7 in item (1) of this subsection (c), as modified by the
8 limitations of item (3) of this subsection (c), and, if the
9 Commission finds that the electric utility has, in fact,
10 proved that the cost-effective renewable energy resources
11 are not available in sufficient quantities, after notice
12 and a hearing conducted in accordance with the Commission's
13 rules of practice, then the Commission shall waive the
14 penalty. Any penalty payment shall be deposited into the
15 Renewable Energy Resources Trust Fund to be used by the
16 Department of Commerce and Economic Opportunity for the
17 sole purposes of supporting the actual development,
18 construction, and utilization of renewable energy projects
19 in the State.

20 (7) The Commission shall promulgate rules as necessary
21 within 9 months after the effective date of this Act to
22 assist in implementing this subsection (c) including, but
23 not limited to, methods of procurement, accounting,
24 tracking, and reporting in order to achieve the full
25 objectives of this subsection (c). The rules shall also
26 provide for recovery of costs incurred and the pass through

1 to customers of any savings achieved by electric utilities
2 as a result of procuring or obtaining the renewable energy
3 resources specified under item (1) of this subsection (c).
4 The rate elements and rates used for such cost recovery may
5 be established by the electric utility, subject to the
6 Commission's review and approval, outside the context of a
7 general rate case.

8 (8) In connection with their compliance with the
9 requirements of item (1) of this subsection (c), electric
10 utilities may enter into long-term contracts of up to 20
11 years in length with providers of renewable energy
12 resources, and the costs or savings associated with those
13 contracts shall be reflected in tariffed rates for the
14 duration of those contracts.

15 (9) Nothing shall prohibit an electric utility from
16 issuing a competitive solicitation for renewable energy
17 resources in order to meet the standards of item (1) of
18 this subsection (c) and from beginning to recover the
19 associated costs in advance of the conclusion of the
20 rulemaking referenced in item (7) of this subsection (c),
21 provided that such electric utility shall have first
22 requested and received Commission approval for the design
23 and conduct of such solicitation and the associated cost
24 recovery methodology and tariff, which the Commission
25 shall review and consider.

1 Section 99. Effective date. This Act takes effect upon
2 becoming law.".