



## 97TH GENERAL ASSEMBLY

### State of Illinois

2011 and 2012

HB5660

Introduced 2/16/2012, by Rep. Dave Winters

#### SYNOPSIS AS INTRODUCED:

20 ILCS 3855/1-10

Amends the Illinois Power Agency Act. Specifies that the term "clean coal facility" includes an electric generating facility that uses either (1) synthetic gas created by the gasification of municipal solid waste, including, but not limited to, non-recycled plastics from a municipal solid waste facility, or (2) fuel produced by pyrolysis of organic or waste material from a municipal solid waste facility. Effective immediately.

LRB097 17847 JDS 63069 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning State government.

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

4 Section 5. The Illinois Power Agency Act is amended by  
5 changing Section 1-10 as follows:

6 (20 ILCS 3855/1-10)

7 Sec. 1-10. Definitions.

8 "Agency" means the Illinois Power Agency.

9 "Agency loan agreement" means any agreement pursuant to  
10 which the Illinois Finance Authority agrees to loan the  
11 proceeds of revenue bonds issued with respect to a project to  
12 the Agency upon terms providing for loan repayment installments  
13 at least sufficient to pay when due all principal of, interest  
14 and premium, if any, on those revenue bonds, and providing for  
15 maintenance, insurance, and other matters in respect of the  
16 project.

17 "Authority" means the Illinois Finance Authority.

18 "Clean coal facility" means an electric generating  
19 facility that uses primarily coal as a feedstock and that  
20 captures and sequesters carbon dioxide emissions at the  
21 following levels: at least 50% of the total carbon dioxide  
22 emissions that the facility would otherwise emit if, at the  
23 time construction commences, the facility is scheduled to

1 commence operation before 2016, at least 70% of the total  
2 carbon dioxide emissions that the facility would otherwise emit  
3 if, at the time construction commences, the facility is  
4 scheduled to commence operation during 2016 or 2017, and at  
5 least 90% of the total carbon dioxide emissions that the  
6 facility would otherwise emit if, at the time construction  
7 commences, the facility is scheduled to commence operation  
8 after 2017. The power block of the clean coal facility shall  
9 not exceed allowable emission rates for sulfur dioxide,  
10 nitrogen oxides, carbon monoxide, particulates and mercury for  
11 a natural gas-fired combined-cycle facility the same size as  
12 and in the same location as the clean coal facility at the time  
13 the clean coal facility obtains an approved air permit. All  
14 coal used by a clean coal facility shall have high volatile  
15 bituminous rank and greater than 1.7 pounds of sulfur per  
16 million btu content, unless the clean coal facility does not  
17 use gasification technology and was operating as a conventional  
18 coal-fired electric generating facility on June 1, 2009 (the  
19 effective date of Public Act 95-1027). "Clean coal facility"  
20 also includes an electric generating facility that uses either  
21 (1) synthetic gas created by the gasification of municipal  
22 solid waste, including, but not limited to, non-recycled  
23 plastics from a municipal solid waste facility, or (2) fuel  
24 produced by pyrolysis of organic or waste material from a  
25 municipal solid waste facility.

26 "Clean coal SNG brownfield facility" means a facility that

1 (1) has commenced construction by July 1, 2015 on an urban  
2 brownfield site in a municipality with at least 1,000,000  
3 residents; (2) uses a gasification process to produce  
4 substitute natural gas; (3) uses coal as at least 50% of the  
5 total feedstock over the term of any sourcing agreement with a  
6 utility and the remainder of the feedstock may be either  
7 petroleum coke or coal, with all such coal having a high  
8 bituminous rank and greater than 1.7 pounds of sulfur per  
9 million Btu content unless the facility reasonably determines  
10 that it is necessary to use additional petroleum coke to  
11 deliver additional consumer savings, in which case the facility  
12 shall use coal for at least 35% of the total feedstock over the  
13 term of any sourcing agreement; and (4) captures and sequesters  
14 at least 85% of the total carbon dioxide emissions that the  
15 facility would otherwise emit.

16 "Clean coal SNG facility" means a facility that uses a  
17 gasification process to produce substitute natural gas, that  
18 sequesters at least 90% of the total carbon dioxide emissions  
19 that the facility would otherwise emit, that uses at least 90%  
20 coal as a feedstock, with all such coal having a high  
21 bituminous rank and greater than 1.7 pounds of sulfur per  
22 million btu content, and that has a valid and effective permit  
23 to construct emission sources and air pollution control  
24 equipment and approval with respect to the federal regulations  
25 for Prevention of Significant Deterioration of Air Quality  
26 (PSD) for the plant pursuant to the federal Clean Air Act;

1 provided, however, a clean coal SNG brownfield facility shall  
2 not be a clean coal SNG facility.

3 "Commission" means the Illinois Commerce Commission.

4 "Costs incurred in connection with the development and  
5 construction of a facility" means:

6 (1) the cost of acquisition of all real property,  
7 fixtures, and improvements in connection therewith and  
8 equipment, personal property, and other property, rights,  
9 and easements acquired that are deemed necessary for the  
10 operation and maintenance of the facility;

11 (2) financing costs with respect to bonds, notes, and  
12 other evidences of indebtedness of the Agency;

13 (3) all origination, commitment, utilization,  
14 facility, placement, underwriting, syndication, credit  
15 enhancement, and rating agency fees;

16 (4) engineering, design, procurement, consulting,  
17 legal, accounting, title insurance, survey, appraisal,  
18 escrow, trustee, collateral agency, interest rate hedging,  
19 interest rate swap, capitalized interest, contingency, as  
20 required by lenders, and other financing costs, and other  
21 expenses for professional services; and

22 (5) the costs of plans, specifications, site study and  
23 investigation, installation, surveys, other Agency costs  
24 and estimates of costs, and other expenses necessary or  
25 incidental to determining the feasibility of any project,  
26 together with such other expenses as may be necessary or

1 incidental to the financing, insuring, acquisition, and  
2 construction of a specific project and starting up,  
3 commissioning, and placing that project in operation.

4 "Department" means the Department of Commerce and Economic  
5 Opportunity.

6 "Director" means the Director of the Illinois Power Agency.

7 "Demand-response" means measures that decrease peak  
8 electricity demand or shift demand from peak to off-peak  
9 periods.

10 "Distributed renewable energy generation device" means a  
11 device that is:

12 (1) powered by wind, solar thermal energy,  
13 photovoltaic cells and panels, biodiesel, crops and  
14 untreated and unadulterated organic waste biomass, tree  
15 waste, and hydropower that does not involve new  
16 construction or significant expansion of hydropower dams;

17 (2) interconnected at the distribution system level of  
18 either an electric utility as defined in this Section, an  
19 alternative retail electric supplier as defined in Section  
20 16-102 of the Public Utilities Act, a municipal utility as  
21 defined in Section 3-105 of the Public Utilities Act, or a  
22 rural electric cooperative as defined in Section 3-119 of  
23 the Public Utilities Act;

24 (3) located on the customer side of the customer's  
25 electric meter and is primarily used to offset that  
26 customer's electricity load; and

1           (4) limited in nameplate capacity to no more than 2,000  
2           kilowatts.

3           "Energy efficiency" means measures that reduce the amount  
4           of electricity or natural gas required to achieve a given end  
5           use.

6           "Electric utility" has the same definition as found in  
7           Section 16-102 of the Public Utilities Act.

8           "Facility" means an electric generating unit or a  
9           co-generating unit that produces electricity along with  
10          related equipment necessary to connect the facility to an  
11          electric transmission or distribution system.

12          "Governmental aggregator" means one or more units of local  
13          government that individually or collectively procure  
14          electricity to serve residential retail electrical loads  
15          located within its or their jurisdiction.

16          "Local government" means a unit of local government as  
17          defined in ~~Article VII of~~ Section 1 of Article VII of the  
18          Illinois Constitution.

19          "Municipality" means a city, village, or incorporated  
20          town.

21          "Person" means any natural person, firm, partnership,  
22          corporation, either domestic or foreign, company, association,  
23          limited liability company, joint stock company, or association  
24          and includes any trustee, receiver, assignee, or personal  
25          representative thereof.

26          "Project" means the planning, bidding, and construction of

1 a facility.

2 "Public utility" has the same definition as found in  
3 Section 3-105 of the Public Utilities Act.

4 "Real property" means any interest in land together with  
5 all structures, fixtures, and improvements thereon, including  
6 lands under water and riparian rights, any easements,  
7 covenants, licenses, leases, rights-of-way, uses, and other  
8 interests, together with any liens, judgments, mortgages, or  
9 other claims or security interests related to real property.

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

13 "Renewable energy resources" includes energy and its  
14 associated renewable energy credit or renewable energy credits  
15 from wind, solar thermal energy, photovoltaic cells and panels,  
16 biodiesel, anaerobic digestion, crops and untreated and  
17 unadulterated organic waste biomass, tree waste, hydropower  
18 that does not involve new construction or significant expansion  
19 of hydropower dams, and other alternative sources of  
20 environmentally preferable energy. For purposes of this Act,  
21 landfill gas produced in the State is considered a renewable  
22 energy resource. "Renewable energy resources" does not include  
23 the incineration or burning of tires, garbage, general  
24 household, institutional, and commercial waste, industrial  
25 lunchroom or office waste, landscape waste other than tree  
26 waste, railroad crossties, utility poles, or construction or



1 demolition debris, other than untreated and unadulterated  
2 waste wood.

3 "Revenue bond" means any bond, note, or other evidence of  
4 indebtedness issued by the Authority, the principal and  
5 interest of which is payable solely from revenues or income  
6 derived from any project or activity of the Agency.

7 "Sequester" means permanent storage of carbon dioxide by  
8 injecting it into a saline aquifer, a depleted gas reservoir,  
9 or an oil reservoir, directly or through an enhanced oil  
10 recovery process that may involve intermediate storage,  
11 regardless of whether these activities are conducted by a clean  
12 coal facility, a clean coal SNG facility, a clean coal SNG  
13 brownfield facility, or a party with which a clean coal  
14 facility, ~~or~~ clean coal SNG facility, or clean coal SNG  
15 brownfield facility has contracted for such purposes.

16 "Sourcing agreement" means (i) in the case of an electric  
17 utility, an agreement between the owner of a clean coal  
18 facility and such electric utility, which agreement shall have  
19 terms and conditions meeting the requirements of paragraph (3)  
20 of subsection (d) of Section 1-75, (ii) in the case of an  
21 alternative retail electric supplier, an agreement between the  
22 owner of a clean coal facility and such alternative retail  
23 electric supplier, which agreement shall have terms and  
24 conditions meeting the requirements of Section 16-115(d) (5) of  
25 the Public Utilities Act, and (iii) in case of a gas utility,  
26 an agreement between the owner of a clean coal SNG brownfield

1 facility and the gas utility, which agreement shall have the  
2 terms and conditions meeting the requirements of subsection  
3 (h-1) of Section 9-220 of the Public Utilities Act.

4 "Substitute natural gas" or "SNG" means a gas manufactured  
5 by gasification of hydrocarbon feedstock, which is  
6 substantially interchangeable in use and distribution with  
7 conventional natural gas.

8 "Total resource cost test" or "TRC test" means a standard  
9 that is met if, for an investment in energy efficiency or  
10 demand-response measures, the benefit-cost ratio is greater  
11 than one. The benefit-cost ratio is the ratio of the net  
12 present value of the total benefits of the program to the net  
13 present value of the total costs as calculated over the  
14 lifetime of the measures. A total resource cost test compares  
15 the sum of avoided electric utility costs, representing the  
16 benefits that accrue to the system and the participant in the  
17 delivery of those efficiency measures, as well as other  
18 quantifiable societal benefits, including avoided natural gas  
19 utility costs, to the sum of all incremental costs of end-use  
20 measures that are implemented due to the program (including  
21 both utility and participant contributions), plus costs to  
22 administer, deliver, and evaluate each demand-side program, to  
23 quantify the net savings obtained by substituting the  
24 demand-side program for supply resources. In calculating  
25 avoided costs of power and energy that an electric utility  
26 would otherwise have had to acquire, reasonable estimates shall

1 be included of financial costs likely to be imposed by future  
2 regulations and legislation on emissions of greenhouse gases.

3 (Source: P.A. 96-33, eff. 7-10-09; 96-159, eff. 8-10-09;  
4 96-784, eff. 8-28-09; 96-1000, eff. 7-2-10; 97-96, eff.  
5 7-13-11; 97-239, eff. 8-2-11; 97-491, eff. 8-22-11; 97-616,  
6 eff. 10-26-11; revised 11-10-11.)

7 Section 99. Effective date. This Act takes effect upon  
8 becoming law.