

AN ACT concerning regulation.

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

Section 5. The Public Utilities Act is amended by adding Section 8-408 as follows:

(220 ILCS 5/8-408 new)

Sec. 8-408. Energy efficiency plans for small multi-jurisdictional utilities.

(a) Any electric or gas public utility with fewer than 200,000 customers in Illinois on January 1, 2007 that offers energy efficiency programs to its customers in a state adjacent to Illinois may seek the approval of the Commission to offer the same or comparable energy efficiency programs to its customers in Illinois. For each program to be offered, the utility shall submit to the Commission:

- (1) a description of the program;
- (2) a proposed implementation schedule and method;
- (3) the number of eligible participants;
- (4) the expected rate of participation per year;
- (5) the estimated annual peak demand and energy savings;
- (6) the budget or level of spending; and
- (7) the rate impacts and average bill impacts, by

customer class, resulting from the program.

The Commission shall approve each program demonstrated to be cost-effective. Programs for low-income customers shall be approved by the Commission even if they have not been demonstrated to be cost-effective if they are demonstrated to be reasonable. An order of the State agency that regulates the rates of the utility in the adjacent state that finds a program to be cost-effective or reasonable shall be sufficient to demonstrate that the program is cost-effective or reasonable for the utility's customers in Illinois. Approved programs may be delivered by the utility or by a contractor or agent of the utility.

(b) Notwithstanding the provisions of Section 9-201, a public utility providing approved energy efficiency programs in the State shall be permitted to recover the reasonable costs of those programs through an automatic adjustment clause tariff filed with and approved by the Commission. Each year the Commission shall initiate a review to reconcile any amounts collected with the actual costs and to determine the adjustment to the annual tariff factor to match annual expenditures. The determination shall be made within 90 days after the date of initiation of the review.

(c) The utility may request a waiver of one or more components of an approved energy efficiency program at any time in order to improve the program's effectiveness. The Commission may grant the waiver if good cause is shown by the utility.

Notwithstanding the cessation of the programs, a utility shall file a final reconciliation of the amounts collected as compared to the actual costs and shall continue the resulting factor until any over-recovery or under-recovery approaches zero.

(d) A public utility that offers approved energy efficiency programs in the State may do so through at least December 31, 2012. The Commission shall monitor the performance of the energy efficiency programs and, on or before October 31, 2012, the Commission shall make a determination regarding whether the programs should be continued beyond calendar year 2012. The Commission shall also file a written report with the General Assembly explaining the basis for that determination and detailing the results of the energy efficiency programs, including energy savings, participation numbers, and costs.

Section 99. Effective date. This Act takes effect January 1, 2008.