New Amendment to Clean Energy Jobs Act (HB3624/SB2132): Legislative Analysis

The Illinois Clean Jobs Coalition has developed an amendment to House Bill 3624 / Senate Bill 2132, the Clean Energy Jobs Act, to reflect ongoing conversations with stakeholders, including community organizations, utilities, generators, renewable developers and policymakers, to put together a comprehensive energy package. This is not yet an agreed bill, but reflects the changes the Clean Jobs Coalition has agreed to make to date.

A) Supporting Fossil Fuel Workers and Communities

1. Energy Community Reinvestment Act. Creates an Energy Community Reinvestment Act to target new investment to Illinois communities and workers impacted by the past or upcoming closure of fossil fuel power plants, coal mines, and nuclear plants.
    a. Creates a process for DCEO to designate communities as Clean Energy Empowerment Zones, and creates an appointed Clean Energy Empowerment Zone Board.
    b. Creates an Energy Community Reinvestment Fund, to be funded with ~ $210 million per year from community reinvestment fees on polluters and a coal severance fee.
    c. Directs up to $100 million annually from the Energy Community Reinvestment Fund for financial assistance to communities impacted by lower property tax revenue from a plant or mine closure for a period of up to 5 years.
    d. Creates an appointed Energy Transition Workforce Commission to develop a report and plan to implement programs to support communities and workers.
    e. Directs $9 million to an Energy Workforce Development Program in DCEO to assist workers to plan for and find new work after loss of employment from a plant or mine closure.
    f. Directs $2 million to an Energy Community Development Program to find new public and private investment and business recruitment to communities impacted by a plant or mine closure.
    g. Creates the Displaced Energy Workers Bill of Rights to directs DCEO to provide energy workers notification 2 years in advance of a plant or mine closure, career services, financial planning services, and scholarships to Illinois public universities or community colleges for displaced workers. The plant or mine operators would be required to provide new employment information, 1 year of health insurance, and protections for retirement accounts.
    h. Provides up to $30 million per year to reduce bills for low-income consumers.

2. Clean Energy Empowerment Zone Tax Credit: Creates an income tax credit for hiring displaced energy workers and/or clean energy workforce training graduates, and providing tax credits for developing renewable energy projects in Clean Energy Empowerment Zones. Directs up to $22.5 million annually from the Energy Community Reinvestment Fund.

3. Community Energy and Climate Planning: Enables local units of government to create Community Energy and Climate Plans to develop comprehensive approaches to promote adoption of distributed energy resources; improvements in building codes, percentage of net zero buildings, bill affordability; expanded transit options; and reduction of harmful pollutants within each community, and be eligible for pilot projects.

B) Jobs and Equity

1. Equity Requirements. Directs the IPA and the electric utilities to preference vendors and projects that meet multiple equity actions to increase diversity in clean energy in the following areas: hiring, hiring training program graduates, business ownership, subcontracting, community benefits, and small business participation.

2. Clean Jobs Workforce Hubs. Replaces the previous language of the Clean Jobs Workforce Hubs Act to provide more detail on the location, the administration, the responsibilities, and the planning of the workforce training hubs, and to reflect lessons learned from the first year of the workforce training programs from FEJA. Directs $25 million annually from the Energy Community Reinvestment Fund.

4. Expanding Clean Energy Entrepreneurship and Contractor Incubator. Replaces the previous language of the Expanding Clean Energy Entrepreneurship Act to provide more detail on the location, the administration, the responsibilities, and the planning for the Contractor Incubator Program. Directs $20 million annually from the Energy Community Reinvestment Fund.

5. Clean Energy Jobs Curriculum. Directs DCEO to work with ISBE, ICCB, IDOL, and external stakeholders to develop career pathways and training curriculum to prepare workers to enter the clean energy field.

C) Capacity Market Reform

1. Carbon-Free Capacity Market: Tasks the Illinois Power Agency with taking over the responsibility to procure capacity for the ComEd territory (PJM), prioritizing carbon-free generation.
    a. Creates several successive procurement auctions designed to procure long-term capacity contracts from carbon-free resources, such as nuclear and renewables, and ensure the state meets its obligations for resource adequacy.
    b. Prevents the over-procurement of capacity that exists today, and taps into the declining costs of solar and wind power, to lower capacity costs.
    c. Implements a Consumer Savings mechanism to ensure a 5% guaranteed savings for customers compared to the current year. Directs savings above and beyond the 5% to be used to offset costs in the renewable resources budget, workforce hubs, and transition investments.
    d. Creates opportunities for demand response and energy storage through multi-year contracts.
    e. Minimizes "capacity performance" penalty exposure for renewable resources, and allows resources to pool to increase their performance, reduce risk, and save consumers money.

D) Renewable Energy

1. Renewable Energy Expansion: Creates annual new build targets for wind and solar projects of 5,000,000 MWh per year, starting in 2021, to actually achieve current goal of 25% by 2025, 46% by 2030, and eventually 100% by 2050. Creates a scheduled ramp up of the Adjustable Block Program for rooftop and community solar to meet market demand.

2. Renewable Energy Budget: Increases the renewable energy budget by $116 million per year, starting in June 2020 through May 2023. Then increases the renewable energy budget by an additional $357 million per year starting in June 2023, offset by savings from Capacity Market reform starting in the same year. Addresses year-to-year uncertainty by allowing for an ongoing 5-year rollover of funds.

3. Illinois Solar for All: Quadruples the size of Illinois Solar for All, and creates the Energy Sovereignty Community Solar Incentive and Energy Sovereignty Distributed Generation Incentive, to increase the participation of low-income households in solar. Requires participating companies to hire job training program graduates.

4. Community Solar: Refines the community solar program to create an RFP instead of a lottery, and prioritize investment in projects that create community benefits. Clarifies a host's ability to both use solar and use excess solar for a community solar project.

5. Interconnection and Net Metering: Adds interconnection requirements for utilities to improve the connection of renewables to the grid; allows Illinois Commerce Commission to review interconnection costs and processes. Clarifies the eligibility of solar + storage systems. Clarifies the ability of multi-family residents to net-meter. Avoids the Net Metering "cliff."

6. DG Rebate: Clarifies language around the FEJA distributed generation rebate timing to avoid a gap for customers looking to put solar on their home, codifies the restrictions on the utility's use of customers' smart inverters, and allows for higher rebate value where solar is helping to integrate electric vehicles.

7. Utility Distribution System Planning: Requires utilities to conduct a formal, public distribution system planning process to save costs on distribution system upgrades by identifying the best places to locate solar and batteries.

8. Agricultural and Land-Use Benefits: Requires IPA to preference renewable energy projects that creating additional land-use, agricultural, and water protection benefits.

9. Prevailing Wage: Adds a requirement for the Department of Labor to establish a Prevailing Wage classification for clean energy jobs.

D) Energy Efficiency

1. Gas Energy Efficiency: Addresses growth in gas delivery rates by expanding gas energy efficiency programs in the same way FEJA expanded electric energy efficiency programs. Increases low-income program budgets to 25% to help those least able to afford their gas bills.

2. Electric Energy Efficiency: Extends Electric Energy Efficiency programs beyond 2030 to allow for smooth program implementation, changes planning cycles from 5 year to 4 year cycles. Increases the annual low-income program requirements and mandates a portion of low-income programs should target multi-family buildings.

3. Health and Safety Fund: Creates Health and Safety Funds within the electric and gas energy efficiency programs to address issues where energy efficiency contractors have to walk away from low-income home retrofits due to leaks, mold, asbestos, or other health and safety issues.

4. Pay as you Save: Creates the Equitable Energy Financing Act which mirrors "pay as you save" programs available in other jurisdictions to allow homeowners to finance energy improvements on their electric bill. Mandates a minimum spend for electric utilities for the program, which increases in each of the first three years.

E) Utility-of-the-Future

1. Clean Peak Program: Requires utilities to implement programs to achieve and maintain a peak demand reduction of 15% by June 1, 2025, saving consumers money by eliminating usage during the highest system cost and highest polluting hours of the year.

2. Time of Use: Requires utilities to offer an optional Time-of-Use Rate to allow customers to gain the benefit of shifting their electric usage to predictable, lower-priced hours.

3. Performance-Based Rates: Aligns utility rate recovery with the goals of achieving the goals of the legislation, creating metrics for helping integrate renewable energy, reducing load, coordinating electric vehicles, and other clean energy goals.

F) Electric Vehicles

1. Beneficial Electrification: Directs utilities to spend up to $50 million per year on "Beneficial Electrification," which is electrification that lowers costs for consumers and reduces pollution. Programs must meet a cost-benefit test similar to energy efficiency, and lead to overall cost reductions. Required components of Beneficial Electrification Plans include:
    a. Low-income rebate for the purchase of electric vehicles for income-qualified households.
    b. Electric Vehicle Access for All: administered by DCEO, designed to provide access to electric vehicle for communities where new EV ownership is not an option. Creates a last mile of commutes pilot program, and an EV car sharing pilot program.
    c. Rebates for transit agencies to electrify their diesel bus fleets, with prioritization for buses that travel through environmental justice communities.
    d. Rebates for governmental, commercial, or other retail customers for the purchase and installation of electric vehicle charging infrastructure for vehicles that primarily serve or travel through Low-Income communities or environmental justice communities.
    e. Rebates of up to $500 for customers to install EV charging stations, provided the customers participate in a time-of-use rate or optimized charging program.
    f. A rebate program to develop public charging stations to encourage mass market adoption, including stations in dense urban areas without access to home charging, and in rural communities and along highway corridors.

G) Environmental Protection.

1. Pollution Reduction. Directs the Agency to undertake a rulemaking to establish annual greenhouse gas pollution caps and further co-pollutant reductions beginning in 2020 from electric generating units to progressively eliminate all emissions of greenhouse gases, particulate matter, mercury, nitrogen dioxide, and sulfur dioxide from Illinois' electricity sector by 2030, while prioritizing closures from plants that have a greater negative impact on environmental justice communities.