

MEMORANDUM

From: Illinois Clean Jobs Coalition

Re: Racial & SocioEconomic Equity Provisions in the Clean Energy Jobs Act

Date: October 2020

Executive Summary

The Clean Energy Jobs Act (CEJA) centers racial and socioeconomic equity through a suite of programs designed to redress some of the structural barriers that have kept Black, indigenous and people of color (BIPOC) businesses and communities from receiving the benefits of clean energy policies. While FEJA marked important progress toward development of equitable benefits in Illinois communities, structural barriers in the FEJA programs and delays in implementation necessitated targeted improvements to ensure that BIPOC communities and contractors receive material benefits from the growing clean energy economy. CEJA incorporates critical feedback from communities and individuals across the state, including current FEJA program participants, into new programs that correct and improve past policy so that the benefits can truly be delivered to BIPOC people and businesses. Those programs are briefly summarized herein with greater detail provided below.

Job Training, Placement and Retention. CEJA creates the Clean Energy Workforce Hubs Program, a network of 16 Hubs across the state utilizing a common curriculum that covers job training, pre-apprenticeship, certification, soft and technical skill development, and job readiness skills such as resume creation, professional networking and interviewing. The Hubs will also provide on-the-job support and counseling. The program provides stipends for time in training, transportation, and childcare. Hub staff will facilitate employer recruitment.

Wealth Building through Provision of Capital & Business Incubator Services. CEJA creates the Expanding Clean Energy Entrepreneurship and Contractor Incubator Program to provide capital and support services to the target populations described in paragraph 1 below. Support services include help with business planning, permitting, obtaining insurance, project opportunities, and meeting prevailing wage requirements. Contractor Incubator will also administer a \$20 million/year grant program that provides upfront capital to support development of BIPOC renewable energy sub and prime contractors.

Wealth Building through Provision of Capital & Support to BIPOC Prime Contractors. CEJA Creates the Illinois Clean Energy Black, Indigenous, and People of Color Primes Contractor Accelerator Program to develop an advanced tier of contractors to lead clean energy projects as prime or general contractors. It is a competitive application program that provides low interest loans, grants, and support services including operational support, one-on-one

coaching, mentorship, and technical assistance with business certifications and bidding on renewable energy projects.

Assuring Job Opportunities for Black, Indigenous and People of Color. CEJA creates an equity points system that rewards companies based on the degree to which they follow various equity actions. Project bids with the highest points are awarded contracts. Points are awarded for: 1) maintaining a BIPOC workforce and paying prevailing wage, 2) MBE status, 3) participation in the Contractor Incubator or Primes Contractor Accelerator, 4) percentage of BIPOC or MBE subcontractors or vendors used on the project, 5) percentage of workers hired from Workforce Hubs or Returning Residents Training Program, 6) use of Community Benefits Agreement, 7) businesses with workforce of 3 or fewer FTE, and 8) use of Labor Peace Agreement. Regarding electric and gas energy efficiency programs, the utilities must demonstrate to the ICC how they will ensure the equity actions are rigorously applied.

Reservation of Renewable Energy Credits for BIPOC Contractor Accelerator Graduates & Contractors that Meet Equity Actions. This provision assures that a total of 40% of the capacity of each of the blocks in the Adjustable Block Program will be reserved at that block's renewable energy credit (REC) price for qualified vendors that score no less than 105 points in the equity points system described in paragraph 4 below. In addition, 15% of the 40% reservation of capacity and pricing will be set aside for BIPOC Contractor Accelerator graduates. These reservations will ensure incentives are available for BIPOC contractors when they are ready, and will help alleviate some of the problems we saw with FEJA regarding inequitable distribution of RECs.

Green Fund to Provide Financing Opportunities to MBEs and BIPOC Contractors.

Creates the Illinois Clean Energy Jobs and Justice Fund, a 501(c)(3) nonprofit, to prioritize provision of capital (e.g., low interest and zero interest loans) to MBEs, BIPOC contractors, and businesses serving low income, EJ, and BIPOC communities.

Pay As You Save. Allows customers to purchase solar and energy efficiency upgrades at a guaranteed savings and to repay those purchases through their utility bills. No credit score is required. Allows more low income households to purchase solar and energy efficiency upgrades.

Solar & Energy Efficiency Training in Prisons. Creates the Illinois Returning Residents Clean Jobs Training Program for soon-to-be-returning residents in the custody of the Department of Corrections. The curriculum includes hands-on activities designed to allow participants to graduate as hireable in the solar and energy efficiency industries. Program provides assistance in accessing mental health, case management, and other support services.

Improving and Expanding Illinois Solar for All. Increases budget from \$30 million to \$50 million/year, creates subprogram for multi-family solar projects, empowers Program Administrator to assist with customer acquisition, and links Solar for All with energy efficiency and deferred maintenance programs.

Increasing Equity in Community Solar. This provision requires preferences for projects with strong community involvement and ownership. Creates an RFP process that awards points to projects that meet the equity actions described in paragraph 4 below.

Increasing Equity in Energy Efficiency. CEJA triples consumers' gas energy efficiency savings, expands consumer access to EE programs, creates a health and safety fund for necessary repairs in affordable and low income households, increases opportunities for community based organizations to participate in EE program design, and requires the utilities to increase EE investment in low income and affordable housing. Utilities must demonstrate to ICC that EE program hiring is equitable.

Increasing Equity in Transportation. CEJA helps communities address pollution from large public-serving diesel vehicles, accelerates charging infrastructure expansion, and provides individuals in low-income communities with opportunities to use and own EV's while ensuring BIPOC businesses are prioritized for infrastructure expansion projects through the equity action point system detailed in paragraph 4 below.

Equitable Decarbonization. CEJA requires reductions in greenhouse gas emissions and other pollutants, while prioritizing accelerated closures in the most impacted communities. IEPA must administer progressively declining caps on greenhouse gas emissions and other air pollutants, eliminating all emissions from Illinois' electric sector by the year 2030. Power plants located near densely populated, environmental justice, and high sulfur emissions communities are prioritized for more rapid emissions reductions.

Just Transition for Energy Workers and Communities. Provides tax base replacement and economic development support for communities in Clean Energy Empowerment Zones (CEE Zones) and income tax credits for clean energy companies doing business in CEE Zones. Creates the Displaced Energy Worker Bill of Rights for fossil fuel power plant, coal mine, and nuclear plant workers who lose their jobs due to reduced operations or closures by providing advanced notice of closure, financial advice, continued health care and retirement packages, and full tuition scholarships at IL state and community colleges and trade programs. Funding is provided via a fee assessed on power plant operators' air pollution and a 6% coal severance fee.

CEJA's Racial & Socioeconomic Equity Programs

1. Job Training, Placement and Retention

CEJA provides \$26 million annually to establish and administer the **Clean Energy Workforce Hubs Program**.

Thirteen Workforce Hubs will be located in the following areas: Chicago (South Side), Chicago (Southwest Side), Waukegan, Rockford, Aurora, Joliet, Peoria, Champaign, Danville, Decatur, Carbondale, East St. Louis, and Alton. One additional hub will be named in each of three

regions (north, central, and southern) based on a gap analysis identifying areas of high percentage of low income residents, environmental justice communities, and energy workers that are otherwise underserved by the other 13 Hub sites. These **sixteen Hubs** will focus on job training, placement and retention.

Workforce Hubs are directed to serve the following people:

- Members of low income households (households at or below 80% of area median income)
- Members of environmental justice communities as currently defined in IL Solar For All Program
- BIPOC individuals and businesses (Black, Indigenous, and People of Color are members of the groups described in subparagraphs (a) through (e) of paragraph (A) (1) of Section 2 of the Business Enterprise for Minorities, Women, and Persons with Disabilities Act).
- Justice-involved persons
- Persons who are or were in the child welfare system
- Displaced fossil fuel workers
- Women, transgender persons, and youth

The Workforce Hubs will provide the following services to the targeted populations described above:

- Community education and outreach regarding workforce and training opportunities.
- Implementation of the Clean Jobs Curriculum, including job training, pre-apprenticeship services to prepare participants to enter apprenticeship programs, certification preparation, job readiness, skill development (including soft skills), technical skills, and other development needs.
- Development of strategies to ensure target populations are invited, supported, and given preference in applying for training opportunities.
- Provision of a living wage-equivalent stipend program to compensate for time in clean energy-related training programs (including wrap-around services for childcare, transportation, etc.).
- Job readiness, placement, and retention support services that include resumé creation, professional networking skills, interview skills, financial literacy, and on-the-job support and counseling.

- Recruitment, communications, and ongoing engagement with potential employers to facilitate job matching that prioritizes the target populations.

The Workforce Hubs will be administered by DCEO and 3 regionally based Program Administrators (one northern, one central and one southern).

- Program Administrators will be selected through a comprehensive stakeholder process that includes environmental justice and community based organizations that serve low income communities.
- Accountability – Program Administrators will collect quarterly data on trainees, job placement, retention and wages, and publish such data on the DCEO web site.
- An evaluation of performance will be completed every 3 years by an independent evaluator.
- Hubs will be run by community based organizations that are competitively selected every 5 years.
- Hubs will be overseen by an Advisory Board that includes:
 - More than 50% of its members from low income and EJ communities
 - An alumnus or current participant in the program
 - Experts on workforce development for BIPOC and low income populations
 - Members from community based organizations in EJ communities and those serving low income communities
- Funding - \$1 million/year will be made available to each of the 16 Workforce Hubs. Funding provided via the Energy Community Reinvestment Fee assessed on power plant operators' air pollution and a 6% coal severance fee.
- A common curriculum will be developed to be utilized by each of the 16 Workforce Hubs

2. **Wealth Building through Provision of Capital and Business Incubator Services**

CEJA creates the **Expanding Clean Energy Entrepreneurship and Contractor Incubator Program** for businesses that target the populations described in paragraph 1 above .

- Operates out of the Workforce Hubs described in paragraph 1 above

- Provides access to capital
- Provides support for obtaining insurance, permits, business planning and learning about opportunities for projects
- Supports participating businesses in meeting prevailing wage requirements, including paying workers at or above the prevailing wage as preferenced by CEJA's equity actions
- The Contractor Incubator Program will administer the **Jobs & Environmental justice Grant Program**. \$20 million/year grant program to provide upfront capital to support development of BIPOC renewable energy resource businesses and projects. Upfront grant awards up to \$1 million available for projects and applicants that meet the following criteria:

Projects:

- Provide community benefit
- Located in an EJ community, where the applicant has a historical and persistent relationship in and with the community.
- Contract with contractors participating in the Clean Energy Entrepreneurship & Contractor Incubator Program and/or the BIPOC Prime Contractor Accelerator Program
- Employ a minimum of 51% of project workers from participants and graduates of the Clean Jobs Workforce Hubs Network Program and/or Returning Residents Program

Applicants:

- Achieve a minimum of 105 points in the equity points systems described in paragraph 4 below.
- Provide proof of long-term partnership with the community in which the project will be located.

3. **Wealth Building through Provision of Capital & Support to BIPOC Prime Contractors**

CEJA Creates the **Illinois Clean Energy BIPOC Primes Contractor Accelerator**

- The goal is to develop an advanced tier of contractors to lead clean energy projects as a prime or general contractor.
- Competitive application program that provides low interest loans, grants, and support services including operational support, one-on-one coaching,

mentorship, and technical assistance with business certifications and bidding on renewable energy projects.

- Operates out of the regional hubs but has a dedicated administrator to work with participants and connect them with the appropriate funding and resources.
- Low-interest loans are backed by the Illinois Clean Energy Jobs and Justice Fund (paragraph 6 herein).
- Grants available through the Jobs & Environmental justice Grant Program (see paragraph 2).

4. Assuring Job Opportunities for Black, Indigenous and People of Color

CEJA creates an equity points system for Renewable Energy Credit procurement, beneficial electrification of the transportation sector, and energy efficiency deployment that rewards companies that follow “equity actions.” Preference is given through the award of points on bids. Points awarded increase as companies have stronger equity compliance. For example, points increase for the Hiring Equity Action below as the share of Black, indigenous, and people of color workers in an entity’s workforce goes up, they will receive additional points, with the maximum points awarded for that action to companies with a 100% BIPOC workforce, thus improving their chance of being awarded a given contract. Bids with the highest points are awarded contracts.

- Hiring Equity Action: points awarded based on what percentage of the company’s workforce (measured by full-time equivalents) is BIPOC and paid at or above the prevailing wage.
- Minority Business Enterprise Action: points awarded to companies that are defined as “minority-owned business” per Section 2 of the Business Enterprise for Minorities, Women, and Persons with Disabilities Act.
- Expanding Clean Energy Entrepreneurship Action: points awarded to entities who are current or former Black, indigenous, and people of color contractors in the Contractor Incubator Program or the Primes Contractor Accelerator Program.
- Contracting Equity Action (MBE or BIPOC subcontractors and vendors): points awarded based on the percentage of a company’s subcontractors or vendors are Minority Business Enterprises or on the percentage of subcontracted workers associated with the project (including all subcontractors and vendors) who are BIPOC and paid at or above the prevailing wage.
- Hiring participants and graduates of Workforce Hubs or Returning Residents Programs: points awarded based on percentage of workers that are participants in or graduates of the Workforce Hubs or Returning Residents program and paid at or above the prevailing wage.

- Community Benefits Action: For larger projects, points awarded if Community Benefits Agreement is executed, including (but not limited to) a commitment to hire local workers, union workers, energy workers transitioning to clean energy jobs, Workforce Hubs graduates, or current or former participants in the Contractor Incubator Program.
- Small Business Action: points awarded if company's workforce consists of 3 or fewer full-time employees.
- Labor Peace Agreement Action: points awarded if bidder with 20 or more employees attests that they have entered a Labor Peace Agreement and will abide by the agreement's terms.
- Compliance is strengthened with claw backs for failure to continue to comply.

5. Reservation of Renewable Energy Credits for BIPOC Contractor Accelerator Graduates & Contractors that Meet Equity Actions

This provision assures that a total of 40% of the capacity of each of the blocks in the Adjustable Block Program will be reserved at that block's renewable energy credit (REC) price for qualified vendors that score no less than 105 points in the equity points system described in paragraph 4 below. In addition, 15% of the 40% reservation of capacity and pricing will be set aside for BIPOC Contractor Accelerator graduates. These reservations will ensure incentives are available for BIPOC contractors when they are ready, and will help alleviate some of the problems we saw with FEJA regarding inequitable distribution of RECs.

6. Green Fund to Provide Financing Opportunities to MBE and BIPOC Contractors

- Creates the **Illinois Clean Energy Jobs and Justice Fund**, a 501(c)(3) nonprofit, to ensure benefits of clean energy economy are equitably distributed.
- Prioritizes provision of public and private capital for clean energy investment to MBEs and other BIPOC contractors and to businesses serving low income, environmental justice, and BIPOC communities.
- Increases access to no- and low-cost loans for MBE and BIPOC contractors.
- Leverages private investment in clean energy projects developed by MBE and BIPOC contractors.
- Moves management of Pay as you Save (PAYS) program from utilities to the green fund.

7. **Pay As You Save Program**

- Mechanism that allows customers to purchase solar and energy efficiency upgrades at a guaranteed savings and to repay those purchases through their utility bills
- No credit score requirement
- Immediate savings
- Allows more low income households to purchase solar and energy efficiency upgrades

8. **Solar & Energy Efficiency Training in Prisons**

CEJA establishes a solar and energy efficiency training program in Illinois prisons called the **Illinois Returning Residents Clean Jobs Training Program** for soon-to-be-returning residents who are persons 17 years or older in the custody of the Department of Corrections and scheduled to be re-entering society within twelve months. The training program will be managed by DCEO in partnership with the Illinois Department of Corrections. A program administrator will manage in-facility training. The curriculum will closely mirror that developed for the Clean Energy Workforce Hubs described in paragraph 1 herein and will include hands-on activities designed to allow participants to graduate as hireable in the solar power and energy efficiency industries, while also assisting them in accessing mental health, case management, and other support services, both in-facility and upon release. The program administrator is required to develop a selection process for men's and women's facilities and will be responsible for connecting graduates with potential employers. Funding for this program will be available from the Energy Community Reinvestment Fund and other sources.

9. **Improving and Expanding the Illinois Solar for All Program**

- Increases annual Solar for All budget from \$30 million per year to \$50 million.
- Builds critically important connections between existing low-income energy efficiency programs, deferred maintenance remediation initiatives, and the Solar for All program. This will help improve wrap-around services that combine multiple programs.
- Addresses concerns with existing Solar for All implementation by creating a separate multi-family housing sub-program and empowering the program administrator to help find and qualify potential Solar for All customers.

10. Increasing Equity in Community Solar

- Changes Illinois' community solar program to preference projects that have deeply-rooted community involvement and ownership.
- These provisions support community-driven solar projects, creating room for small-scale, localized projects originating with strong community decision-making to access state funding.
- Creates a new request for proposal process that awards points for the equity actions described above in paragraph 4, and also incentivizes projects on brownfield sites.

11. Increasing Equity in Energy Efficiency Programs

Energy efficiency is the cheapest way to save on energy costs, yet many of our homes and buildings do not have modern levels of insulation and have aging equipment that does not function well. As a result, too many Illinoisans pay higher gas and electric bills than necessary and live in uncomfortable, and sometimes dangerous, homes. Expanding energy efficiency saves money, makes homes safer and more comfortable, and creates a wide variety of jobs ranging including insulators who learn their craft on the jobsite, skilled HVAC technicians, and engineers. Before COVID, Illinois had over 90,000 people working in the efficiency sector. CEJA addresses these needs and opportunities as follows;

- Triples the savings from our gas energy efficiency programs, saving residents \$700 million/year on gas bills. We have historically underinvested in gas efficiency and this would put us on par with other states that are already reaching these savings levels.
- Extends the existing electric energy efficiency program so more ratepayers can take advantage of the savings from energy efficiency.
- Allows efficiency programs that target affordable housing and low income households to fix health and safety problems, like dangerous electrical wiring, at no charge to the resident.
- Raises the minimum that utilities are required to invest in affordable housing and low income household efficiency programs to ensure that resources don't get siphoned away.
- Requires utilities to show the Illinois Commerce Commission how they plan to ensure that EE program hiring is equitable and results in high quality jobs.

- Reforms the advisory groups for programs targeting low-income families in a way that increases opportunities for community based organizations to weigh in on program implementation and outcomes.

12. Increasing Equity in Electric Transportation

Transportation is Illinois' largest source of greenhouse gases and causes local air pollution. Emissions from large diesel vehicles like trucks and buses are a health concern for everyone, but particularly those who live in communities located near transportation hubs and ports. Electric vehicles (EVs) are less expensive than gasoline powered vehicles over time, with lower operational and maintenance costs, and purchase prices of electric cars are expected to be equivalent to gasoline powered cars in less than 5 years. Despite the clear benefits of electric vehicles, charging infrastructure at homes, apartments/condos, and publicly-accessible locations are sparse in low income and BIPOC communities. CEJA helps communities address pollution from large public-serving diesel vehicles, accelerates charging infrastructure expansion, and provides individuals in low-income communities with opportunities to use and own EV's while ensuring BIPOC businesses are prioritized for infrastructure expansion projects through the equity action point system detailed paragraph 4 above.

In CEJA:

- Large utilities must subsidize the purchase of electric transit/school buses and electric vehicle charging infrastructure for public serving fleets with purchase priority for vehicles that serve or operate in low-income or environmental justice communities. (\$35.5m/yr.)
- Availability of public quick-charging stations along transportation corridors near workplaces and major highways is expanded (\$24.85m/yr.). These plans will prioritize transportation corridors, workplaces, and low-income communities. This includes a rebate program for individuals that install at-home chargers.
- The EV Access for All Program (\$10.65m/yr.) prioritizes access to EVs for individuals for whom car ownership is not an option, particularly for environmental justice (as defined in IL Solar for All) and low income (80% median income) communities. DCEO will establish the following:
 - Carbon-free Last Mile to Transit –extends reach of transit, access to jobs/opportunities, with non-polluting mobility options
 - EV car sharing program – occasional access to EVs without ownership hurdles/barriers
 - EV rebate for low-income individuals

- Illinois is directed to spend VW diesel settlement funds (\$88m) and capital funds for EV infrastructure (\$70m) within two years after a one year stakeholder planning process with community based organizations. Funds will be targeted to economically disadvantaged and environmental justice communities.
- EV right to charge and new build requirements are established.
 - Guarantees the rights of multi-family dwelling residents access to EV charging, designated parking, and delineates rights/responsibilities for tenants/landlords/HOA's/condo boards, etc. in terms of costs of EV charging equipment, power costs, damage, maintenance, removal.
 - Sets forth requirements for EV-readiness in development of new or renovated residential properties.

13. Equitable Decarbonization

Fossil fuel power plants contribute to global warming, pollute our environment, and harm our health. They disproportionately hurt BIPOC communities and low income households. Forty percent (40%) of people who live near a coal-fired power plant in Illinois are BIPOC and 38% have low incomes. More than half of Illinois coal plants have closed since 2009, with no planning or priority given to closing plants that are responsible for the majority of adverse health effects. CEJA amends the Illinois Environmental Protection Act to require reductions in greenhouse gas emissions and co-pollutants, while prioritizing accelerated closures in the most impacted communities as follows:

- Directs IEPA to administer annual, declining caps on greenhouse gas emissions and other air pollutants from all fossil fuel power plants, progressively eliminating all emissions from Illinois' electric sector by the year 2030.
- Ensures power plants located near densely populated, environmental justice, high sulfur emissions communities are prioritized for more rapid, mandatory, plant-specific emissions reductions.
- Requires an environmental justice analysis to identify power plants that should be prioritized for emissions reductions based on such factors as population density, traffic proximity and volume, and percentage of population that is low income and BIPOC.
- Requires a stakeholder process to ensure meaningful participation from Illinois residents, especially those most impacted by fossil fuel power plants.

14. Just Transition for Energy Workers and Communities

The transition away from coal power is underway. Out-of-state energy corporations have made risky investments in expensive and aging Illinois power plants and mines, and then closed them with little warning or support for workers and communities. We need a plan that helps impacted workers and communities adapt to the transition and build resilient economies. CEJA creates that plan and guides an orderly transition by putting workers and communities first as follows:

- Creates **Clean Energy Empowerment Zones** (CEE Zones) in areas that contain a fossil fuel power plant that was retired from service within 10 years or will be retired within 5 years of application. Provides tax base replacement, economic development support, and tax credits for clean energy companies in the CEE Zones.
- The **Displaced Energy Worker Bill of Rights** supports fossil fuel power plant, coal mine, and nuclear plant workers who lose their jobs due to reduced operations or closures by providing advanced notice of closure, financial advice, continued health care and retirement packages, and full tuition scholarships at IL state and community colleges and trade programs.
- Creates the **Clean Energy Empowerment Zone Tax Credit Act** to provide state income tax credits to renewable energy enterprises located in Clean Energy Empowerments Zones.
- Creates the **Energy Community Reinvestment Fund**, a centralized fund overseen by DCEO that directs money to the programs created in the Clean Jobs Workforce Hubs Act (see paragraph 1 above) and the **Expanding Clean Energy Entrepreneurship Act** (see paragraph 2. above).
- Funding is provided via the **Energy Community Reinvestment Fee** assessed on power plant operators' air pollution and a 6% coal severance fee.