

MEMORANDUM

From: Illinois Clean Jobs Coalition

Re: Equity Provisions in the Clean Energy Jobs Act

Date: Updated May 10, 2021

Executive Summary

The Clean Energy Jobs Act (CEJA) centers equity through a suite of programs designed to redress some of the historical and 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 also 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 in an equitable manner. These programs are briefly summarized herein with greater detail provided below.

Job Training, Placement and Retention

CEJA creates the **Clean Energy Workforce Hubs** Network for those people described in paragraph 1 below with priority given to residents of environmental justice communities (EJC) and [R3 zones](#), former energy workers, foster-care alumni, and justice involved persons. The network includes 16 Hubs across the state that will utilize a common curriculum covering job training, soft and technical skill development, pre-apprenticeship, and job readiness. The program provides stipends for time in training, transportation, and childcare. The Hubs will also provide on-the-job support and counseling. Hub staff will facilitate employer recruitment.

Wealth Building through the Provision of Capital & Business Incubator Services

CEJA creates the **Expanding Clean Energy Entrepreneurship and Contractor Incubator Program** to provide sustained support for the development and growth of participant contractors, including BIPOC contractors, and the resources needed to effectively compete for and develop clean energy projects. The program is available to those people described in paragraph 1. below with priority given to applicants from environmental justice and R3 areas, foster care alumni, justice involved persons, graduates of the Workforce Hubs program, and people with a demonstrated commitment to investing in and partnering with communities that are economically underserved or overburdened by pollution. Participating contractors will also be eligible for grants via the **Jobs & Environmental justice Grant Program**.

Wealth Building through Provision of Capital & Support to Prime Contractors Committed to Equity

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 prioritizes applicants that employ Equity Investment Eligible Community residents or Equity Investment Eligible Persons (both defined below) who meet public interest criteria and have a demonstrated commitment to equity.

Assuring Equitable Job Opportunities with an Equity Point System

CEJA creates an equity points system that rewards project developers based on the degree to which they follow various equity actions. Project bids with the highest points are awarded contracts. Points are awarded for projects that : 1) hire Equity Investment Eligible Persons, 2) use contractors from the Contractor Incubator and Primes Accelerator programs, 3) subcontract with Equity Investment Eligible Persons, 4) are developed by Socially Responsible Businesses, 5) hire Workforce Hub or Returning Residents graduates, 6) execute a Community Benefits Agreement, and 7) enter into a Labor Peace Agreement. CEJA requires IPA to ensure that funding is allocated to maximize racial equity in bid granting.

Reservation of Renewable Energy Credits for Contractor Accelerator Participants & 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 30 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 participants in the BIPOC Contractor Accelerator Program. These reservations will ensure incentives are available for Accelerator participants 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 Contractors

Creates the **Illinois Clean Energy Jobs and Justice Fund**, a 501(c) (3) nonprofit, to prioritize the provision of public and private capital for clean energy investment to businesses that have struggled to access traditional capital sources, and businesses serving low-income or environmental justice communities, including but not limited to MBEs and other contractors of color. The fund receives initial capital to being equitable financing programs from revenue raised by other CEJA programs.

Equitable Energy Upgrade Program (Pay As You Save)

Allows low-income households 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. This program has been designed to be inclusive and offer no-risk, affordable financing for low-income people.

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. CEJA requires funding and employment parity based on the percentage of Equity Investment Eligible Persons (defined in paragraph 3 below) in the utility territory. It also directs the IPA to ensure that funding is allocated to maximize racial equity in bid granting

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 that businesses that take actions consistent with CEJA's equity point system are prioritized for infrastructure expansion projects.

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 (13) Workforce Hubs located in: 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 serve the following people:

- Low income households (households at or below 80% of area median income)
- Members of environmental justice communities
- BIPOC individuals and businesses
- Justice-involved persons & those who face other barriers to employment
- Persons who are or were in the child welfare system
- Energy workers
- Members of the above groups who are also women, transgender, gender nonconforming or otherwise gender diverse, and youth.

Where the applicant pools allow, priority shall be given to: 1) residents of environmental justice communities (EJC), 2) residents of [R3 zones](#), 3) former energy workers, 4) foster care alumni, and 5) justice involved persons.

Workforce Hubs will provide the following services:

- 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 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 and ongoing engagement with potential employers to facilitate job matching

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

- Program Administrators selected through a comprehensive stakeholder process that includes environmental justice and community based organizations serving low income communities
- Accountability – Program Administrators collect quarterly data on trainees, job placement, retention and wages, and publish on DCEO web site
- Evaluation of performance completed every 3 years by independent evaluator
- Hubs run by community based organizations competitively selected every 5 years
- Hubs overseen by Advisory Board that includes:
 - More than 50% of its members from low income and EJC
 - An alumnus or current participant in the program
 - Experts on workforce development for BIPOC and low income populations
 - Members from community based organizations in EJC and those serving low income communities
- Funding - \$1 million/year for each Hub provided via Energy Community Reinvestment Fee assessed on power plant operators' air pollution and 6% coal severance fee.
- Common curriculum to be utilized by each of the 16 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 employ or serve the populations described in paragraph 1 above, with priority given to businesses that are owned by or employ 1) residents of environmental justice communities (EJC), 2) residents of [R3 zones](#), 3) foster care alumni, 4) justice involved persons, graduates of the Workforce Hubs program, and 5) people with a demonstrated commitment to investing in and partnering with communities that are economically underserved or overburdened by pollution.

The Contractor Incubator will operate out of the Workforce Hubs and provide the following support:

- Access to low cost capital to allow small businesses to compete on a level playing field with more established businesses in solar, wind, energy efficiency, etc.
- Assistance with bonding, insurance, permitting, certifications, business planning and other needs that will allow participant contractors to compete.
- Mentoring, training, networking and partnering skills and other support needed to allow contractors to compete for capital and other resources and to build clean energy projects

The Contractor Incubator Program will administer the **Jobs & Environmental justice Grant Program**. \$20 million/year grant program for applicants with projects that meet a minimum score using the equity point system described in paragraph 4 below and can demonstrate a partnership with the community in which the project is located. Grant winning projects must also demonstrate that they:

- Provide community benefit
- Are located in an environmental justice community
- Provide on the job training
- Contract with Contractor Incubator contractors for at least 50% of project costs
- Employ Workforce Hub or Returning Residents Program graduates for at least 51% of project workforce.

3. Wealth Building through Provision of Capital & Support for Prime Contractors Committed to Equity

CEJA Creates the **Illinois Clean Energy BIPOC Primes Contractor Accelerator Program** to provide 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 to a select cohort of contractors with a demonstrated commitment to advancing equity in Illinois.

The Program will accept applications from businesses that best meet the following qualifications:

- 2 or more years of experience in a clean energy or a related contracting field
- Minimum of \$5,000 in annual business
- Demonstrated commitment of investing in and partnering with individuals and institutions in communities that are economically underserved or overburdened by pollution

Prioritization will be given to applicants that can also demonstrate:

- A commitment to growing and promoting economic opportunity in underserved diverse communities, based on evidence such as the employment of Equity Investment Eligible Community residents or Equity Investment Eligible Persons;
 - An Equity Investment Eligible Person includes persons who are foster-care alumni, justice involved persons (a person who was formerly incarcerated, convicted of a felony offense, or otherwise faces barriers due to involvement with the criminal justice system), and persons who live in Equity Investment Eligible Communities
 - An Equity Investment Eligible Community includes areas that are 1) Environmental Justice Communities or 2) R3 designated areas
- Ownership of applicant business by Equity Investment Eligible Community residents or Equity Investment Eligible Persons; or
- A history of partnership with community organizations or government programs dedicated to promoting economic equity.

4. **Assuring Equitable Job Opportunities with an Equity Point System**

CEJA creates an equity points system for renewable energy credit (REC) 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 as the share of Equity Investment Eligible Persons in an entity’s workforce increases, with the maximum points awarded to companies with a workforce consisting of 100% Equity Investment Eligible Persons. Bids with the highest points are awarded contracts.

Under CEJA’s Equity Points System, points are awarded on bids for the following actions:

- A. Hiring Equity Action (up to 20 points): awards points for the percentage of Equity Investment Eligible Persons hired by the applicant as both employees and contractors.
- B. Clean Jobs Workforce Hubs Action and Returning Residents Action (up to 20 points): awards points for hiring graduates of the workforce training programs.
- C. Socially Responsible Business Enterprise and Contracting Equity Action (up to 40 points): awards points based on ownership by Equity Investment Eligible Persons, or if the business qualifies for a recognized economically disadvantaged business certification.
- D. Expanding Clean Energy Entrepreneurship Action (20 points): awards points to applicants for participation in CEJA’s contractor incubator or accelerator.

- E. Labor Peace Agreement Action (10 points): awards points for large projects that have a labor peace agreement in place.
- F. Price of bid (110 points).

Racial Disparity Study & Corrections Process: Programs subject to the equity points system are directed to collect demographic data from applications and bid winners and use this to rapidly and regularly ensure that the programs maximize racial equity when granting bids. This method uses established processes to ensure compliance with federal law while advancing policies such as racially equitable goals for hiring and contracting.

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

CEJA 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 30 points in the equity points system described in paragraph 4 above. In addition, 15% of the 40% reservation of capacity and pricing will be set aside for participants in the BIPOC Contractor Accelerator Program. These reservations will ensure incentives are available for Accelerator participants 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 those Facing Social & Economic Challenges to Success.**

CEJA creates the **Illinois Clean Energy Jobs and Justice Fund**, a 501(c) (3) nonprofit, to ensure the benefits of the clean energy economy are equitably distributed. The Fund:

- Prioritizes the provision of public and private capital for clean energy investment to businesses that have struggled to access traditional capital sources, and businesses serving low-income or environmental justice communities, including but not limited to MBEs and other contractors of color
- Increases access to no- and low-cost loans for Equity Investment Eligible Community residents or Equity Investment Eligible Persons (defined in paragraph 3. above)
- Develops financing products designed to compensate for historical and structural barriers preventing low-income, environmental justice, and BIPOC communities from accessing traditional financing

7. **Equitable Energy Upgrade Program (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 and strong customer protections
- Immediate savings

- Allows 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
- 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
- Supports 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**

CEJA requires funding and employment parity based on the percentage of Equity Investment Eligible Persons (defined in paragraph 3 above) in the utility territory. It also directs the IPA to collect demographic data on applications and bid winners and use this data to rapidly and regularly ensure funding is allocated to maximize racial equity in granting bids. In addition, CEJA:

- 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 that businesses that take actions consistent with CEJA's equity point system are prioritized for infrastructure expansion projects.

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 and low 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 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 low income 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
- **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 **Clean Energy Empowerment Zone Tax Credit Act** to provide state income tax credits to renewable energy enterprises located in Clean Energy Empowerment Zones
- Creates **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 provided via the **Energy Community Reinvestment Fee** assessed on power plant operators' air pollution and a 6% coal severance fee