



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB3525

Introduced 2/18/2025, by Rep. Ann M. Williams

SYNOPSIS AS INTRODUCED:

See Index

Amends the Public Utilities Act. Provides that a gas utility may cease providing service if the Illinois Commerce Commission determines that adequate substitute service is available at a reasonable cost to support the existing end uses of the affected utility customers. Provides for cost-effective energy efficiency measures for natural gas utilities that supersede existing provisions concerning natural gas energy efficiency programs and take effect beginning January 1, 2027. Provides that gas main and gas service extension policies shall be based on the principle that the full incremental cost associated with new development and growth shall be borne by the customers that cause those incremental costs. Provides that, no later than 60 days after the effective date of the amendatory Act, the Commission shall initiate a docketed rulemaking reviewing each gas public utility tariff that provides for gas main and gas service extensions without additional charge to new customers in excess of the default extensions as specified in administrative rule. Adds the Clean Building Heating Law Article to the Act, with provisions concerning emissions standards for heating in buildings, as well as related and other provisions. Adds the 2050 Heat Decarbonization Standard Article to the Act, with provisions concerning options for compliance, measures for customer emission reduction, customer emission reductions, tradable clean heat credits, banking of emission reductions, equity in emission reductions, enforcement, the 2050 Heat Decarbonization Pathways Study, gas infrastructure planning, a study on gas utility financial incentive reform, and reporting requirements. Adds the Statewide Navigator Program Law Article to the Act, with provisions concerning creation of a statewide navigator program, as well as related and other provisions. Amends the Energy Transition Act to add electrification industries to clean energy jobs. Effective immediately.

LRB104 10206 AAS 20280 b

1 AN ACT concerning regulation.

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

4 Section 5. The Energy Transition Act is amended by
5 changing Section 5-25 as follows:

6 (20 ILCS 730/5-25)

7 (Section scheduled to be repealed on September 15, 2045)

8 Sec. 5-25. Clean Jobs Curriculum.

9 (a) As used in this Section, "clean energy jobs", subject
10 to administrative rules, means jobs in the solar energy, wind
11 energy, energy efficiency, energy storage, solar thermal,
12 green hydrogen, geothermal, electric vehicle industries,
13 electrification industries, other renewable energy industries,
14 industries achieving emission reductions, and other related
15 sectors including related industries that manufacture,
16 develop, build, maintain, or provide ancillary services to
17 renewable energy resources or energy efficiency products or
18 services, including the manufacture and installation of
19 healthier building materials that contain fewer hazardous
20 chemicals. "Clean energy jobs" includes administrative, sales,
21 other support functions within these industries and other
22 related sector industries.

23 (b) The Department shall convene a comprehensive

1 stakeholder process that includes representatives from the
2 State Board of Education, the Illinois Community College
3 Board, the Department of Labor, community-based organizations,
4 workforce development providers, labor unions, building
5 trades, educational institutions, residents of BIPOC and
6 low-income communities, residents of environmental justice
7 communities, clean energy businesses, nonprofit organizations,
8 worker-owned cooperatives, other groups that provide clean
9 energy jobs opportunities, groups that provide construction
10 and building trades job opportunities, and other participants
11 to identify the career pathways and training curriculum needed
12 for participants to be skilled, work ready, and able to enter
13 clean energy jobs. The curriculum shall:

14 (1) identify the core training curricular competency
15 areas needed to prepare workers to enter clean energy and
16 related sector jobs;

17 (2) identify a set of required core cross-training
18 competencies provided in each training area for clean
19 energy jobs with the goal of enabling any trainee to
20 receive a standard set of skills common to multiple
21 training areas that would provide a foundation for
22 pursuing a career composed of multiple clean energy job
23 types;

24 (3) include approaches to integrate broad occupational
25 training to provide career entry into the general
26 construction and building trades sector and any remedial

1 education and work readiness support necessary to achieve
2 educational and professional eligibility thresholds; and

3 (4) identify on-the-job training formats, where
4 relevant, and identify suggested trainer certification
5 standards, where relevant.

6 (c) The Department shall publish a report that includes
7 the findings, recommendations, and core curriculum identified
8 by the stakeholder group and shall post a copy of the report on
9 its public website. The Department shall convene the process
10 described to update and modify the recommended curriculum
11 every 3 years to ensure the curriculum contents are current to
12 the evolving clean energy industries, practices, and
13 technologies.

14 (d) Organizations that receive funding to provide training
15 under the Clean Jobs Workforce Network Program, including, but
16 not limited to, community-based and labor-based training
17 providers, and educational institutions must use the core
18 curriculum that is developed under this Section.

19 (Source: P.A. 102-662, eff. 9-15-21.)

20 Section 10. The Public Utilities Act is amended by
21 changing Sections 1-102, 8-101, 9-229, 9-241, and 16-111.10
22 and by adding Sections 1-103, 3-128, 8-104B, 9-228.5, 9-235,
23 9-254, and 9-255, and Articles XXIII, XXIV, and XXV as
24 follows:

(220 ILCS 5/1-102) (from Ch. 111 2/3, par. 1-102)

Sec. 1-102. Findings and Intent. The General Assembly finds that the health, welfare, and prosperity of all Illinois citizens require the provision of adequate, efficient, reliable, affordable, environmentally safe, and least-cost public utility services at prices which accurately reflect the long-term cost of such services and which are equitable to all citizens. It is therefore declared to be the policy of the State that public utilities shall continue to be regulated effectively and comprehensively. It is further declared that the goals and objectives of such regulation shall be to ensure:

(a) Efficiency: the provision of reliable and affordable energy services that meet the State's climate and emissions reduction targets at the lowest societal ~~least possible~~ cost to the citizens of the State; in such manner that:

(i) physical, human, and financial resources are allocated efficiently and equitably;

(ii) all supply and demand options are considered and evaluated using comparable terms and methods in order to determine how utilities shall meet State emissions reduction targets and their customers' demands for public utility services at the lowest societal ~~least~~ cost;

(iii) utilities are allowed a sufficient return on

1 investment so as to enable them to attract capital in
2 financial markets at competitive rates;

3 (iv) tariff rates for the sale of various public
4 utility services are authorized such that they
5 accurately reflect the cost of delivering those
6 services and allow utilities to recover the total
7 costs prudently and reasonably incurred;

8 (v) variation in costs by customer class and time
9 of use is taken into consideration in authorizing
10 rates for each class.

11 (b) Environmental Quality: the protection of the
12 environment, people, and communities from the adverse
13 external costs of public utility services, including
14 environmental costs, so that:

15 (i) environmental costs of proposed actions having
16 a significant impact on the environment and the
17 environmental impact of the alternatives are
18 identified, documented, monetized, included in
19 assessments of cost, and considered in all aspects of
20 the regulatory process;

21 (ii) the prudently and reasonably incurred costs
22 of environmental controls are recovered.

23 (c) Reliability: the ability of utilities to provide
24 consumers with public utility services under varying
25 demand conditions in such manner that suppliers of public
26 utility services are able to provide service at varying

1 levels of economic reliability giving appropriate
2 consideration to the costs likely to be incurred as a
3 result of service interruptions, and to the costs of
4 increasing or maintaining current levels of reliability
5 consistent with commitments to consumers.

6 (d) Equity: the fair treatment of consumers, including
7 equity investment eligible persons and equity investment
8 eligible communities, as defined in the Energy Transition
9 Act, and investors in order that

10 (i) the public health, safety, and welfare shall
11 be protected;

12 (ii) the application of rates is based on public
13 understandability and acceptance of the reasonableness
14 of the rate structure and level;

15 (iii) the cost of supplying public utility
16 services is allocated to those who cause the costs to
17 be incurred;

18 (iv) if factors other than cost of service are
19 considered in regulatory decisions, the rationale for
20 these actions is set forth;

21 (v) regulation allows for orderly transition
22 periods to accommodate changes in public utility
23 service markets;

24 (vi) regulation does not result in undue ~~or~~
25 ~~sustained~~ adverse impact on utility earnings;

26 (vii) the impacts of regulatory actions on all

1 sectors of the State are carefully weighed;

2 (viii) the rates for utility services are
3 affordable and, therefore, ensure and preserve the
4 availability and accessibility of such services to all
5 customers, and customers are not energy burdened or
6 severely energy burdened citizens.

7 As used in this subsection (d):

8 (I) "Energy burdened" means, with respect to a
9 customer's household, that the household pays 6% or
10 more of its income toward electricity and gas bills.

11 (II) "Severely energy burdened" means, with
12 respect to a customer's household, that the household
13 pays 10% or more of its income toward electricity and
14 gas bills.

15 (e) Affordability: the ability of utilities to ensure
16 uninterrupted access to essential utility service; to
17 minimize and reduce over time the number of households who
18 are energy burdened and severely energy burdened, as
19 defined in this Act, ideally to zero; and to minimize
20 disconnections to residential customers in a manner which
21 ensures that:

22 (i) all low-income customers, defined as those
23 whose income is less than or equal to 80% of the area
24 median income, as defined by the United States
25 Department of Housing and Urban Development, have
26 access to a discounted utility rate;

1 (ii) low-income customers 65 years of age or older
2 are not disconnected from essential utility service
3 due to inability to afford the monthly bill;

4 (iii) low-income customers with children under the
5 age of 6 are not disconnected from essential utility
6 service due to inability to afford the monthly bill;

7 (iv) persons with medical conditions are not
8 disconnected from essential utility service if a
9 medical or qualified professional as described in
10 subsection (b) of Section 8-202.7 certifies that the
11 condition will be exacerbated by disconnection from
12 essential utility service;

13 (v) disconnection of essential utility service is
14 not accelerated based on a utility's payment risk
15 assessment of a customer; and

16 (vi) a utility assesses whether a customer may be
17 eligible for energy assistance programs under the
18 Energy Assistance Act, provides the customer with
19 specific information on where and how to obtain energy
20 assistance, and ceases disconnection activity for 60
21 days to allow the customer to apply for and establish
22 eligibility for the energy assistance.

23 It is further declared to be the policy of the State that
24 this Act shall not apply in relation to motor carriers and rail
25 carriers as defined in the Illinois Commercial Transportation
26 Law, or to the Commission in the regulation of such carriers.

1 Nothing in this Act shall be construed to limit, restrict,
2 or mitigate in any way the power and authority of the State's
3 Attorneys or the Attorney General under the Consumer Fraud and
4 Deceptive Business Practices Act.

5 (Source: P.A. 92-22, eff. 6-30-01.)

6 (220 ILCS 5/1-103 new)

7 Sec. 1-103. Commission methodologies and metrics. The
8 Commission shall oversee the objectives identified in Section
9 1-102 by establishing and implementing methodologies for
10 tracking each of the following metrics:

11 (1) Environmental costs: The Commission shall
12 establish a social cost of greenhouse gases, measured in
13 dollars per ton of carbon dioxide equivalent, that shall
14 serve as a monetary estimate of the value of not emitting a
15 ton of greenhouse gas emissions. The Commission shall
16 consider prior or existing estimates of the social cost of
17 carbon issued or adopted by the federal government,
18 appropriate international bodies, or other appropriate and
19 reputable scientific organizations. The social cost of
20 greenhouse gases shall:

21 (A) estimate the emissions for all relevant
22 greenhouse gases, including carbon, methane, nitrous
23 oxide, hydrofluorocarbons and hydrofluoroolefins,
24 perfluorocarbons, sulfur hexafluoride, and nitrogen
25 trifluoride;

1 (B) consider the fullest geographic and temporal
2 scope of damages;

3 (C) for the purposes of this Act, the cost of
4 greenhouse gas emissions is no less than the cost per
5 metric ton of carbon dioxide equivalent emissions,
6 using the 2.5% discount rate, listed in Table ES-1 of
7 "Technical Support Document: Social Cost of Carbon,
8 Methane, and Nitrous Oxide Interim Estimates under
9 Executive Order 13990", a report prepared in support
10 of federal Executive Order 13990 and dated February
11 2021.

12 The Commission must annually adjust the costs
13 established in this Section to reflect the effect of
14 inflation and may, at its discretion, set the price at a
15 higher level than described above, but no lower.

16 (2) Impacts to public health: The Commission shall
17 develop a methodology for measuring and monetizing in cost
18 assessments the public health impacts of pollutants,
19 including impacts of both indoor and outdoor air quality,
20 including carbon monoxide and carbon dioxide, nitrogen
21 oxides, including nitrogen dioxide, particulate matter,
22 formaldehyde, sulfur dioxide, ozone, and lead. The
23 Commission shall integrate its methodology into
24 assessments of utility system planning and supply and
25 demand-side resource selection.

26 It is further declared to be the policy of the State that

1 this Section does not apply to motor carriers and rail
2 carriers as defined in the Illinois Commercial Transportation
3 Law or to the Commission in the regulation of such carriers.

4 Nothing in this Section shall be construed to limit,
5 restrict, or mitigate in any way the power and authority of the
6 State's Attorneys or the Attorney General under the Consumer
7 Fraud and Deceptive Business Practices Act.

8 (220 ILCS 5/3-128 new)

9 Sec. 3-128. Fixed charge. "Fixed charge" means a charge
10 that is assessed by a public utility as part of its rates, is
11 equal across all customers or customers of a certain class,
12 and is not directly proportional to a customer's usage.

13 (220 ILCS 5/8-101) (from Ch. 111 2/3, par. 8-101)

14 Sec. 8-101. Duties of public utilities; nondiscrimination.
15 A public utility shall furnish, provide, and maintain such
16 service instrumentalities, equipment, and facilities as shall
17 promote the safety, health, comfort, and convenience of its
18 patrons, employees, and public and as shall be in all respects
19 adequate, efficient, just, and reasonable.

20 All rules and regulations made by a public utility
21 affecting or pertaining to its charges or service to the
22 public shall be just and reasonable.

23 An electric ~~A public~~ utility shall, and a gas utility may,
24 upon reasonable notice, furnish to all persons who may apply

1 therefor and be reasonably entitled thereto, suitable
2 facilities and service, without discrimination and without
3 delay. Notwithstanding any other provision of law, a gas
4 utility may cease providing service if the Commission
5 determines that adequate substitute service is available at a
6 reasonable cost to support the existing end uses of the
7 affected utility customers. Any applicant for gas service
8 shall receive clear, timely information from the gas utility,
9 written in plain language, and approved by the Commission
10 after stakeholder input on incentives and opportunities for
11 installing, as alternatives to gas, energy-efficient electric
12 technologies and incentives and opportunities for other energy
13 efficiency measures, weatherization, demand management, and
14 distributed energy resource programs. The information provided
15 must include, among other things, information detailing
16 electrification incentives in the Inflation Reduction Act and
17 describing how the applicant can elect to receive the upfront
18 discounts or tax incentives applicable to the applicant's
19 electric purchases.

20 Nothing in this Section shall be construed to prevent a
21 public utility from accepting payment electronically or by the
22 use of a customer-preferred financially accredited credit or
23 debit methodology.

24 (Source: P.A. 92-22, eff. 6-30-01.)

1 Sec. 8-104B. Gas energy efficiency.

2 (a) As used in this Section:

3 "Benefit-cost ratio" means the ratio of the net present
4 value of the total benefits of the measures to the net present
5 value of the total costs as calculated over the lifetime of the
6 measures.

7 "Cost-effective measure" means a measure that satisfies
8 the total resource cost test.

9 "Energy efficiency measure" means a measure that reduces
10 (i) the total Btus of electricity and natural gas and other
11 utility-delivered gaseous fuels needed to meet an end use or
12 end uses and (ii) the amount of natural gas and other
13 utility-delivered gaseous fuels consumed on site, at the home
14 or business facility, to meet an end use or end uses.

15 "Total resource cost test" means a standard that is met
16 if, for an investment in an energy efficiency measure, the
17 benefit-cost ratio is greater than one. The total resource
18 cost test quantifies the net savings obtained through the
19 substitution of demand-side measures for supply resources by
20 comparing (i) the sum of avoided natural gas utility costs,
21 representing the benefits that accrue to the natural gas
22 system and the participant in the delivery of those energy
23 efficiency measures and including avoided costs associated
24 with the use of electricity or other fuels, avoided costs
25 associated with reduced water consumption, avoided operation
26 and maintenance costs, and avoided societal costs associated

1 with reductions in greenhouse gas emissions, as well as other
2 quantifiable societal benefits and (ii) the sum of all
3 incremental costs of end-use measures, including both utility
4 and participant contribution costs to administer, deliver, and
5 evaluate each demand-side measure. The societal costs
6 associated with greenhouse gas emissions shall be assumed to
7 be the greater of (i) \$200 per short ton, expressed in 2024
8 dollars, or (ii) the most recently approved estimate developed
9 by the federal government using a real discount rate
10 consistent with long-term U.S. Treasury bond yields. Changes
11 in greenhouse gas emissions from changes in electricity
12 consumption shall be estimated using long-run marginal
13 emissions rates developed by the National Renewable Energy
14 Laboratory's Cambium model or other State-specific modeling of
15 comparable analytical rigor. In calculating avoided costs,
16 reasonable estimates shall be included for financial costs
17 likely to be imposed by future regulation of emissions of
18 greenhouse gases. In discounting future societal costs and
19 benefits for the purpose of calculating net present values, a
20 societal discount rate based on actual, long-term U.S.
21 Treasury bond yields shall be used. The income-qualified
22 measures described in paragraphs (5) and (6) of subsection (d)
23 shall not be required to meet the total resource cost test.

24 (b) It is the policy of the State for gas utilities to be
25 required to use cost-effective energy efficiency measures to
26 reduce delivery load. Requiring investment in cost-effective

1 energy efficiency measures will reduce direct and indirect
2 costs to consumers by decreasing environmental impacts,
3 reducing the amount of natural gas and other utility-delivered
4 gaseous fuels that need to be purchased, and avoiding or
5 delaying the need for new transmission, distribution, storage,
6 and other related infrastructure. Moreover, the public
7 interest is served by allowing gas utilities to recover costs
8 for reasonably and prudently incurred expenditures for energy
9 efficiency measures.

10 (c) This Section applies to all gas distribution utilities
11 in the State and supersedes Section 8-104 beginning January 1,
12 2027.

13 (d) Natural gas utilities shall implement cost-effective
14 energy efficiency measures to achieve all of the following
15 requirements:

16 (1) Total incremental annual savings shall be equal to
17 at least 0.6% of annual sales to distribution customers in
18 2027, 0.8% of such sales in 2028 and at least 1% of such
19 sales in 2029 and each subsequent year. For the purposes
20 of this Section, "incremental annual savings" means the
21 total gas savings from all measures installed in a
22 calendar year that will be realized within 12 months of
23 each measure's installation. For the purpose of
24 calculating savings as a percent of sales to distribution
25 customers for a given program year, the denominator of
26 sales to distribution customers shall be the annual

1 average sales over the second, third, and fourth full
2 calendar years prior to the beginning of the program year.

3 (2) The savings achieved must have an average life of
4 at least 12 years. In no event can more than one-fifth of
5 the incremental annual savings counted towards a utility's
6 annual savings goal in any given year be derived from
7 efficiency measures with average savings lives of less
8 than 5 years. For the purposes of this Section, "average
9 savings life" means the lifetime savings that would be
10 realized as a result of a utility's efficiency programs
11 divided by the incremental annual savings such programs
12 produce. Average savings lives may be shorter than the
13 average operational lives of measures installed if the
14 measures do not produce savings in every year in which
15 they operate or if the savings that the measures produce
16 decline during their operational lives.

17 (3) Except as provided in paragraph (4) of this
18 subsection (d), savings may not be applied toward
19 achievement of utility savings goals if the savings arise
20 from the installation of efficient new gas furnaces, gas
21 boilers, gas water heaters, or other gas-consuming
22 equipment in a residential building, such as a
23 single-family, individually-metered multifamily, or
24 master-metered multifamily building.

25 (4) Savings may be applied toward achievement of
26 utility savings goals if the savings arise from the

1 installation of gas furnaces through income-eligible
2 programs when it is determined that the existing furnace
3 is no longer working, requires significant annual
4 maintenance costs in order to remain operational, or is
5 creating a health and safety hazard.

6 (5) At least 67% of the entire budget for efficiency
7 programs shall be spent on energy efficiency measures that
8 reduce space heating needs through improvements to the
9 efficiency of building envelopes, including, but not
10 limited to, insulation measures and efficient windows and
11 energy efficiency measures that reduce air leakage through
12 improvements to systems for distributing heat, including,
13 but not limited to, duct leakage reduction, duct
14 insulation, or pipe insulation in buildings or through
15 improved heating systems controls, including, but not
16 limited to, advanced thermostats and demand control
17 ventilation. Spending on efficient furnaces, efficient
18 boilers, or other efficient heating systems is permitted
19 within business efficiency programs but does not count
20 toward this minimum requirement for spending on building
21 envelope, heating distribution, and control efficiencies.
22 Spending on income-qualified building envelope measures,
23 heating distribution system measures, and heating controls
24 does count toward this requirement. The portion of
25 portfolio spending on program marketing, training of
26 installers, audits of buildings, inspections of work

1 performed, and other administrative and technical expenses
2 that are clearly tied to promotion or installation of
3 building envelope or heating distribution system measures
4 shall count toward this requirement. If this minimum
5 requirement is not met, any performance incentive earned
6 under subsection (h) should be reduced by the percentage
7 point level of shortfall in meeting this requirement.

8 (6) The portion of the entire budget for efficiency
9 programs that is spent on efficiency measures for
10 income-qualified households shall be the greater of 25% or
11 5 percentage points more than the proportion of total
12 residential and business customer gas sales going to
13 income-qualified households. For purposes of this Section,
14 households at or below 80% of area median income are
15 income-qualified. At least 80% of spending on measures in
16 programs targeted at income-qualified households shall be
17 delivered through whole building weatherization programs
18 and spent on measures that reduce space heating needs
19 through improvements to the building envelope, heating
20 distribution systems, or heating controls. The utilities
21 shall invest in health and safety measures appropriate and
22 necessary for comprehensively weatherizing the homes and
23 multifamily buildings of income-qualified households, with
24 up to 15% of income-qualified program spending made
25 available for such purposes. The ratio of spending on
26 efficiency programs targeted at multifamily buildings of

income-qualified households to spending on energy efficiency programs targeted at single-family buildings of income-qualified households shall be designed to achieve levels of savings from each building type that are approximately proportional to the magnitude of cost-effective lifetime savings potential in each building type. The gas utilities shall participate in a Low-Income Energy Efficiency Accountability Committee as established in Section 8-103B.

Gas utilities must conduct customer outreach and education efforts in equity investment eligible communities in order to provide notice of and explanations concerning the following types of programs:

(A) energy efficiency programs, the Illinois Solar for All Program, and whole home retrofit programs that reduce natural gas usage;

(B) income-qualified financial assistance programs, including rebate programs from the federal government; and

(C) general education programs designed to explain utility bills and the decisions customers can make to lower energy usage.

These outreach and education efforts must be brought to communities in a diversity of ways, must be created with input from members of the communities, and must be provided through, among other things:

1 (i) information on customers' bills in the main
2 languages spoken in the communities;

3 (ii) a quarterly posting in local newspapers that
4 cover the service area;

5 (iii) a dedicated section on the investor-owned
6 utility's website; and

7 (iv) in-person and virtual educational sessions
8 that take place in the income-qualified and Justice40
9 community, provide food and child care for
10 participating customers, and are codesigned with
11 interested community-based organization
12 representatives.

13 (7) Implementation of energy efficiency measures and
14 programs targeted at income-qualified households shall be
15 contracted, when practicable, to independent third parties
16 that have demonstrated the capability of serving those
17 households, with a preference for not-for-profit entities
18 and government agencies that have existing relationships
19 with, experience serving, or working directly within and
20 alongside income-qualified communities in the State. Each
21 gas utility shall develop and implement reporting
22 procedures that address and assist in determining the
23 amount of energy savings that can be applied to the
24 income-qualified procurement and expenditure requirements
25 set forth in this paragraph.

26 (8) A minimum of 10% of the utility's entire portfolio

1 funding level for a given year shall be used to procure
2 cost-effective energy efficiency measures from units of
3 local government, municipal corporations, school
4 districts, public housing, community college districts,
5 and nonprofit-owned buildings as long as a minimum
6 percentage of available funds shall be used to procure
7 energy efficiency from public housing, which percentage
8 shall be, at a minimum, equal to public housing's share of
9 public building energy consumption. Spending on public
10 housing may count toward minimum spending requirements on
11 efficiency improvements for income-qualified households.

12 (e) Notwithstanding any other provision of law, a utility
13 providing approved energy efficiency measures in the State may
14 recover all reasonable and prudently incurred costs of those
15 measures from its retail customers. However, nothing in this
16 subsection permits the double recovery of such costs from
17 customers.

18 (f) Beginning in 2026, each gas utility shall file an
19 energy efficiency plan with the Commission to meet the energy
20 efficiency standards in subsection (d) for the next applicable
21 multiyear period beginning January 1 of the year following the
22 filing, according to the schedule set forth in paragraphs (1)
23 through (4). If a utility does not file such a plan on or
24 before the applicable filing deadline for the plan, the
25 utility shall be liable for a civil penalty of \$100,000 per day
26 until the plan is filed.

1 (1) The energy efficiency plans of gas utilities that
2 were approved by the Commission for calendar years 2022
3 through 2025, including any stipulated agreements between
4 the utility and other parties that were approved by the
5 Commission, shall continue to be in force through calendar
6 year 2026. The utilities' savings goals for 2026 shall be
7 equal to the average annual savings goal approved for the
8 years 2022 through 2025.

9 (2) No later than March 1, 2026, each gas utility
10 shall file a 3-year energy efficiency plan that takes
11 effect on January 1, 2027 and is designed to achieve,
12 through implementation of emergency efficiency measures,
13 the incremental annual savings goals, minimum average
14 savings life, and other requirements specified in
15 paragraphs (1) through (7) of subsection (d). An energy
16 efficiency plan submitted by a gas utility under this
17 paragraph (2) supersedes any energy efficiency plan
18 previously filed by the gas utility for calendar year 2027
19 or thereafter.

20 (3) Beginning in 2029 and every 4 years thereafter,
21 each gas utility shall file by no later than March 1 of the
22 applicable year, a 4-year energy efficiency plan that
23 takes effect on the following January 1 and is designed to
24 achieve, through implementation of energy efficiency
25 measures, the incremental annual savings goals, minimum
26 average savings life, and other requirements specified in

1 paragraphs (1) through (7) of subsection (d). However, the
2 incremental annual savings goals may be reduced if the
3 plan's analysis and forecasts of the utility's ability to
4 acquire energy savings demonstrate by clear and convincing
5 evidence and through independent analysis that achievement
6 of such goals is not cost-effective. In no event may
7 incremental annual savings goals for any year be reduced
8 to levels below (i) those actually achieved in the
9 calendar year before the plan filing, (ii) those forecast
10 to be achieved in the calendar year in which the plan
11 filing is made, or (iii) 0.75% of sales. The Commission
12 shall review any proposed goal reduction as part of its
13 review and approval of the utility's proposed plan.

14 (4) Each utility's plan shall set forth the utility's
15 proposals to meet the energy efficiency standards
16 identified in subsection (d). The Commission shall seek
17 public comment on each plan that takes effect on or after
18 January 1, 2027 and shall issue an order approving or
19 disapproving the plan within 6 months after its
20 submission. If the Commission disapproves a plan, the
21 Commission shall, within 30 days, describe in detail the
22 reasons for the disapproval and describe a path by which
23 the utility may file a revised draft of the plan to address
24 the Commission's concerns satisfactorily. If the utility
25 does not refile with the Commission within 60 days, the
26 utility shall be subject to civil penalties at a rate of

1 \$100,000 per day until the plan is refiled. This process
2 shall continue, and penalties shall accrue, until the
3 utility has successfully filed a portfolio of energy
4 efficiency measures. Penalties shall be deposited into the
5 Energy Efficiency Trust Fund.

6 (g) In submitting proposed plans and funding levels under
7 subsection (f) to meet the savings goals identified in
8 subsection (d), the utility shall:

9 (1) demonstrate that its proposed energy efficiency
10 measures will achieve the requirements that are identified
11 in subsection (d);

12 (2) demonstrate consideration of program options for
13 supporting efforts to improve compliance with new building
14 codes, appliance standards, and municipal regulations as
15 potentially cost-effective means of acquiring energy
16 savings to count toward energy savings goals;

17 (3) demonstrate that its overall portfolio of measures
18 and programs, not including income-qualified programs
19 described in subsection (d), is cost-effective using the
20 total resource cost test and represents a diverse cross
21 section of opportunities for customers of all rate classes
22 to participate in programs. Individual measures need not
23 be cost-effective;

24 (4) demonstrate that the utility's plan integrates the
25 delivery of energy efficiency programs with electric
26 efficiency programs, programs promoting demand response,

1 and other efforts to address bill payment issues,
2 including, but not limited to, the Low Income Home Energy
3 Assistance Program and the Percentage of Income Payment
4 Plans;

5 (5) include a proposed or revised cost-recovery
6 mechanism to fund the proposed energy efficiency measures
7 and ensure the recovery of the prudently and reasonably
8 incurred costs of Commission-approved programs;

9 (6) provide, using not more than 3% of portfolio
10 resources in any given year, an annual independent
11 evaluation of the performance and cost-effectiveness of
12 the utility's portfolio of measures and programs;

13 (7) demonstrate how it will ensure that program
14 implementation contractors and energy efficiency
15 installation vendors will promote workforce equity and
16 quality jobs. Utilities shall collect, and make publicly
17 available at least quarterly, data necessary to
18 demonstrate how efforts are advancing workforce equity.
19 Utilities shall work with relevant vendors providing
20 education, training, and other resources needed to ensure
21 compliance and, where necessary, adjusting or terminating
22 work with vendors that cannot assist with compliance; and

23 (8) include any plans for research, development, or
24 pilot deployment of new measures or program approaches.
25 For utilities with unmodified savings goals, no more than
26 4% of energy efficiency portfolio spending may be

allocated for such purposes. For utilities with modified savings goals, no more than 2% of energy efficiency portfolio spending may be allocated for such purposes. Utilities shall work with interested stakeholders to formulate a plan for how any proposed funds should be spent, incorporate statewide approaches for these allocations whenever such approaches would be more effective or cost-efficient, and demonstrate such collaboration in the utilities' plans.

(h) Each gas utility shall be eligible to earn a shareholder incentive for effective implementation of its efficiency programs. The incentive shall be tied to each utility's annual energy efficiency spending and its savings. There shall be no incentive if the independent evaluator determines the utility either (i) did not fully meet all of the requirements specified in paragraphs (3) through (7) of subsection (d) or (ii) failed to achieve at least 90% of its lifetime savings goal. If a utility meets all of the requirements specified in paragraphs (3) through (7) of subsection (d), it can earn an incentive equal to 0.4% of the total annual efficiency spending in the year being evaluated for every one percentage point above 90% of its lifetime savings goal that it achieves for that year, with a maximum incentive of 12% for achieving 120% of its lifetime savings goal. For purposes of this subsection (h), "lifetime savings goal" means the product of a utility's incremental savings

1 goal specified in paragraph (1) of subsection (d) and the
2 minimum average savings life specified in paragraph (2) of
3 subsection (d).

4 (i) The utility shall submit energy savings data to the
5 independent evaluator no later than 30 days after the close of
6 the plan year. The independent evaluator shall determine the
7 incremental annual savings and average savings life, as well
8 as an estimate of the job impacts and other macroeconomic
9 impacts of the efficiency programs for that year, achieved no
10 later than 120 days after the close of the plan year. The
11 utility shall submit an informational filing to the Commission
12 no later than 160 days after the close of the plan year that
13 attaches the independent evaluator's final report identifying
14 the incremental annual savings for the year, identifying
15 average savings life for the year, documenting compliance with
16 other requirements in subsection (d), and, as applicable, the
17 magnitude of any shareholder incentive which the utility has
18 earned.

19 (j) Gas utilities shall report annually to the Commission
20 and General Assembly on how hiring, contracting, job training,
21 and other practices related to its energy efficiency programs
22 enhance the diversity of vendors working on such programs.
23 These reports must include data on vendor and employee
24 diversity.

25 (k) The independent evaluator shall follow the guidelines
26 and use the savings set forth in Commission-approved energy

1 efficiency policy manuals and technical reference manuals, as
2 each may be updated from time to time. Until measure life
3 values for energy efficiency measures implemented for
4 income-qualified households are separately incorporated into
5 such Commission-approved manuals, the income-qualified
6 measures shall have the same measure life values that are
7 established for the same measures implemented in households
8 that are not income-qualified households.

9 (220 ILCS 5/9-228.5 new)

10 Sec. 9-228.5. Consideration of gas main and gas service
11 extension costs. Gas main and gas service extension policies
12 shall be based on the principle that the full incremental cost
13 associated with new development and growth shall be borne by
14 the customers that cause those incremental costs. Gas main and
15 gas service extension policies, procedures, and conditions
16 shall align with the greenhouse gas emission reduction goals
17 established in Article XXIV.

18 (220 ILCS 5/9-229)

19 Sec. 9-229. Consideration of attorney and expert
20 compensation as an expense and intervenor compensation fund.

21 (a) The Commission shall specifically assess the justness
22 and reasonableness of any amount expended by a public utility
23 to compensate attorneys or technical experts to prepare and
24 litigate a general rate case filing. This issue shall be

1 expressly addressed in the Commission's final order.

2 (b) The State of Illinois shall create a Consumer
3 Intervenor Compensation Fund subject to the following:

4 (1) Provision of compensation for Consumer Interest
5 Representatives that intervene in Illinois Commerce
6 Commission proceedings will increase public engagement,
7 encourage additional transparency, expand the information
8 available to the Commission, and improve decision-making.

9 (2) As used in this Section, "consumer ~~Consumer~~
10 interest representative" means:

11 (A) a residential utility customer or group of
12 residential utility customers represented by a
13 not-for-profit group or organization registered with
14 the Illinois Attorney General under the Solicitation
15 for Charity Act;

16 (B) representatives of not-for-profit groups or
17 organizations whose membership is limited to
18 residential utility customers; or

19 (C) representatives of not-for-profit groups or
20 organizations whose membership includes Illinois
21 residents and that address the community, economic,
22 environmental, or social welfare of Illinois
23 residents, except government agencies or intervenors
24 specifically authorized by Illinois law to participate
25 in Commission proceedings on behalf of Illinois
26 consumers.

1 (3) A consumer interest representative is eligible to
2 receive compensation from the consumer intervenor
3 compensation fund if its participation included lay or
4 expert testimony or legal briefing and argument concerning
5 the expenses, investments, rate design, rate impact, or
6 other matters affecting the pricing, rates, costs or other
7 charges associated with utility service, ~~the Commission~~
8 ~~adopts a material recommendation related to a significant~~
9 ~~issue in the docket,~~ and participation caused a
10 significant financial cost ~~hardship~~ to the participant;
11 however, no consumer interest representative shall be
12 eligible to receive an award pursuant to this Section if
13 the consumer interest representative receives any
14 compensation, funding, or donations, directly or
15 indirectly, from parties that have a financial interest in
16 the outcome of the proceeding.

17 (4) Within 30 days after September 15, 2021 (the
18 effective date of Public Act 102-662), each utility that
19 files a request for an increase in rates under Article IX
20 or Article XVI shall deposit an amount equal to one half of
21 the rate case attorney and expert expense allowed by the
22 Commission, but not to exceed \$500,000, into the fund
23 within 35 days of the date of the Commission's Final ~~final~~
24 Order in the rate case or 20 days after the denial of
25 rehearing under Section 10-113 of this Act, whichever is
26 later. The Consumer Intervenor Compensation Fund shall be

1 used to provide payment to consumer interest
2 representatives as described in this Section.

3 (5) An electric public utility with 3,000,000 or more
4 retail customers shall contribute \$450,000 to the Consumer
5 Intervenor Compensation Fund within 60 days after
6 September 15, 2021 (the effective date of Public Act
7 102-662). A combined electric and gas public utility
8 serving fewer than 3,000,000 but more than 500,000 retail
9 customers shall contribute \$225,000 to the Consumer
10 Intervenor Compensation Fund within 60 days after
11 September 15, 2021 (the effective date of Public Act
12 102-662). A gas public utility with 1,500,000 or more
13 retail customers that is not a combined electric and gas
14 public utility shall contribute \$225,000 to the Consumer
15 Intervenor Compensation Fund within 60 days after
16 September 15, 2021 (the effective date of Public Act
17 102-662). A gas public utility with fewer than 1,500,000
18 retail customers but more than 300,000 retail customers
19 that is not a combined electric and gas public utility
20 shall contribute \$80,000 to the Consumer Intervenor
21 Compensation Fund within 60 days after September 15, 2021
22 (the effective date of Public Act 102-662). A gas public
23 utility with fewer than 300,000 retail customers that is
24 not a combined electric and gas public utility shall
25 contribute \$20,000 to the Consumer Intervenor Compensation
26 Fund within 60 days after September 15, 2021 (the

1 effective date of Public Act 102-662). A combined electric
2 and gas public utility serving fewer than 500,000 retail
3 customers shall contribute \$20,000 to the Consumer
4 Intervenor Compensation Fund within 60 days after
5 September 15, 2021 (the effective date of Public Act
6 102-662). A water or sewer public utility serving more
7 than 100,000 retail customers shall contribute \$80,000,
8 and a water or sewer public utility serving fewer than
9 100,000 but more than 10,000 retail customers shall
10 contribute \$20,000.

11 (6) (A) Prior to the entry of a Final Order in a
12 docketed case, the Commission Administrator shall provide
13 a payment to a consumer interest representative that
14 demonstrates through a verified application for funding
15 that the consumer interest representative's participation
16 or intervention without an award of fees or costs imposes
17 a significant financial hardship based on a schedule to be
18 developed by the Commission. The Administrator may require
19 verification of costs incurred, including statements of
20 hours spent, as a condition to paying the consumer
21 interest representative prior to the entry of a Final
22 Order in a docketed case.

23 (B) If ~~the Commission adopts a material recommendation~~
24 ~~related to a significant issue in the docket and~~
25 participation caused a significant financial cost ~~hardship~~
26 to the participant, then the consumer interest

1 representative shall be allowed payment for some or all of
2 the consumer interest representative's reasonable
3 attorney's or advocate's fees, reasonable expert witness
4 fees, and other reasonable costs of preparation for and
5 participation in a hearing or proceeding. Expenses related
6 to travel or meals shall not be compensable.

7 (C) The consumer interest representative shall submit
8 an itemized request for compensation to the Consumer
9 Intervenor Compensation Fund, including the advocate's or
10 attorney's reasonable fee rate, the number of hours
11 expended, reasonable expert and expert witness fees, and
12 other reasonable costs for the preparation for and
13 participation in the hearing and briefing within 30 days
14 of the Commission's final order after denial or decision
15 on rehearing, if any.

16 (7) Administration of the Fund.

17 (A) The Consumer Intervenor Compensation Fund is
18 created as a special fund in the State treasury. All
19 disbursements from the Consumer Intervenor Compensation
20 Fund shall be made only upon warrants of the Comptroller
21 drawn upon the Treasurer as custodian of the Fund upon
22 vouchers signed by the Executive Director of the
23 Commission or by the person or persons designated by the
24 Director for that purpose. The Comptroller is authorized
25 to draw the warrant upon vouchers so signed. The Treasurer
26 shall accept all warrants so signed and shall be released

1 from liability for all payments made on those warrants.
2 The Consumer Intervenor Compensation Fund shall be
3 administered by an Administrator that is a person or
4 entity that is independent of the Commission. The
5 administrator will be responsible for the prudent
6 management of the Consumer Intervenor Compensation Fund
7 and for recommendations for the award of consumer
8 intervenor compensation from the Consumer Intervenor
9 Compensation Fund. The Commission shall issue a request
10 for qualifications for a third-party program administrator
11 to administer the Consumer Intervenor Compensation Fund.
12 The third-party administrator shall be chosen through a
13 competitive bid process based on selection criteria and
14 requirements developed by the Commission. The Illinois
15 Procurement Code does not apply to the hiring or payment
16 of the Administrator. All Administrator costs may be paid
17 for using monies from the Consumer Intervenor Compensation
18 Fund, but the Program Administrator shall strive to
19 minimize costs in the implementation of the program.

20 (B) The computation of compensation awarded from the
21 fund shall take into consideration the market rates paid
22 to persons of comparable training and experience who offer
23 similar services, but may not exceed the comparable market
24 rate for services paid by the public utility as part of its
25 rate case expense.

26 (C) (1) Recommendations on the award of compensation by

1 the administrator shall include consideration of whether
2 the participation raised ~~Commission adopted~~ a ~~material~~
3 recommendation related to a significant issue in the
4 docket and whether participation caused a significant
5 financial cost ~~hardship~~ to the participant and the payment
6 of compensation is fair, just, and reasonable.

7 (2) Recommendations on the award of compensation by
8 the administrator shall be submitted to the Commission for
9 approval. Unless the Commission initiates an investigation
10 within 45 days after the notice to the Commission, the
11 award of compensation shall be allowed 45 days after
12 notice to the Commission. Such notice shall be given by
13 filing with the Commission on the Commission's e-docket
14 system, and keeping open for public inspection the award
15 for compensation proposed by the Administrator. The
16 Commission shall have power, and it is hereby given
17 authority, either upon complaint or upon its own
18 initiative without complaint, at once, and if it so
19 orders, without answer or other formal pleadings, but upon
20 reasonable notice, to enter upon a hearing concerning the
21 propriety of the award.

22 (c) The Commission may adopt rules to implement this
23 Section.

24 (Source: P.A. 102-662, eff. 9-15-21; 103-605, eff. 7-1-24.)

25 (220 ILCS 5/9-235 new)

1 Sec. 9-235. Tariffed gas main and gas service extension
2 provisions. No later than 60 days after the effective date of
3 this amendatory Act of the 104th General Assembly, the
4 Commission shall initiate a docketed rulemaking reviewing each
5 gas public utility tariff that provides for gas main and gas
6 service extensions without additional charge to new customers
7 in excess of the default extensions without charge as
8 specified in 83 Ill. Adm. Code 501. The focus of the rulemaking
9 shall be to modify each gas utility's gas main and gas service
10 extension tariff to align with the provisions set forth in
11 Section 9-228.5.

12 (220 ILCS 5/9-241) (from Ch. 111 2/3, par. 9-241)

13 Sec. 9-241. Nondiscrimination.

14 (a) No public utility shall, as to rates or other charges,
15 services, facilities, or in other respect, make or grant any
16 preference or advantage to any corporation or person or
17 subject any corporation or person to any prejudice or
18 disadvantage. No public utility shall establish or maintain
19 any unreasonable difference as to rates or other charges,
20 services, facilities, or in any other respect, either as
21 between localities or as between classes of service.

22 (b) An electric utility in a county with a population of
23 3,000,000 or more shall not establish or maintain any
24 unreasonable difference as to rates or other charges,
25 services, contractual terms, or facilities for access to or

1 the use of its utility infrastructure by another person or for
2 any other purpose. Notwithstanding any other provision of law,
3 the Commission and its staff shall interpret this Section in
4 accordance with Article XVI of this Act.

5 (c) Nothing in this Section shall be construed as
6 limiting the authority of the Commission to permit the
7 establishment of economic development rates as incentives to
8 economic development either in enterprise zones as designated
9 by the State of Illinois or in other areas of a utility's
10 service area. Such rates should be available to existing
11 businesses which demonstrate an increase to existing load as
12 well as new businesses which create new load for a utility so
13 as to create a more balanced utilization of generating
14 capacity. The Commission shall ensure that such rates are
15 established at a level which provides a net benefit to
16 customers within a public utility's service area.

17 (d) On or before January 1, 2026 ~~2023~~, the Commission
18 shall conduct a comprehensive study to assess whether
19 low-income discount rates for electric and natural gas
20 residential customers are appropriate and the potential design
21 and implementation of any such rates. The Commission shall
22 include its findings, together with the appropriate
23 recommendations, in a report to be provided to the General
24 Assembly. Upon completion of the study, the Commission shall
25 have the authority to permit or require electric and natural
26 gas utilities to file a tariff establishing low-income

1 discount rates.

2 Such study shall assess, at a minimum, the following:

3 (1) customer eligibility requirements, including
4 income-based eligibility and eligibility based on
5 participation in or eligibility for certain public
6 assistance programs;

7 (2) appropriate rate structures, including
8 consideration of tiered discounts for different income
9 levels;

10 (3) appropriate recovery mechanisms, including the
11 consideration of volumetric charges and customer charges;

12 (4) appropriate verification mechanisms;

13 (5) measures to ensure customer confidentiality and
14 data safeguards;

15 (6) outreach and consumer education procedures; and

16 (7) the impact that a low-income discount rate would
17 have on the affordability of delivery service to
18 low-income customers and customers overall.

19 On or before January 1, 2027, the Commission shall begin a
20 docketed rulemaking process to implement low-income discount
21 rates for electric and natural gas residential customers,
22 incorporating the recommendations of the report required by
23 this Section, released by the Commission in December 2022 and
24 titled the "Illinois Commerce Commission Low-Income Discount
25 Rate Study Report to the Illinois General Assembly".

26 (e) The Commission shall adopt rules requiring utility

1 companies to produce information, in the form of a mailing,
2 and other approved methods of distribution, to its consumers,
3 to inform the consumers of available rebates, discounts,
4 credits, and other cost-saving mechanisms that can help them
5 lower their monthly utility bills, and send out such
6 information semi-annually, unless otherwise provided by this
7 Article.

8 (f) Prior to October 1, 1989, no public utility providing
9 electrical or gas service shall consider the use of solar or
10 other nonconventional renewable sources of energy by a
11 customer as a basis for establishing higher rates or charges
12 for any service or commodity sold to such customer; nor shall a
13 public utility subject any customer utilizing such energy
14 source or sources to any other prejudice or disadvantage on
15 account of such use. No public utility shall without the
16 consent of the Commission, charge or receive any greater
17 compensation in the aggregate for a lesser commodity, product,
18 or service than for a greater commodity, product, or service
19 of like character.

20 The Commission, in order to expedite the determination of
21 rate questions, or to avoid unnecessary and unreasonable
22 expense, or to avoid unjust or unreasonable discrimination
23 between classes of customers, or, whenever in the judgment of
24 the Commission public interest so requires, may, for rate
25 making and accounting purposes, or either of them, consider
26 one or more municipalities either with or without the adjacent

1 or intervening rural territory as a regional unit where the
2 same public utility serves such region under substantially
3 similar conditions, and may within such region prescribe
4 uniform rates for consumers or patrons of the same class.

5 Any public utility, with the consent and approval of the
6 Commission, may as a basis for the determination of the
7 charges made by it classify its service according to the
8 amount used, the time when used, the purpose for which used,
9 and other relevant factors.

10 (Source: P.A. 102-662, eff. 9-15-21; 103-679, eff. 7-19-24.)

11 (220 ILCS 5/9-254 new)

12 Sec. 9-254. Independent gas system assessment.

13 (a) The General Assembly finds that an independent audit
14 of the current state of the gas distribution system, and of the
15 expenditures made since 2012, will need to be made.
16 Specifically, the General Assembly finds:

17 (1) Pursuant to 2013 legislation establishing the
18 qualifying infrastructure plant charge, gas utilities in
19 this State that serve over 700,000 retail customers have
20 spent significant amounts of ratepayer dollars on system
21 investments purporting to refurbish, rebuild, modernize,
22 and expand gas system infrastructure.

23 (2) The qualifying infrastructure plant charge is set
24 to conclude at its statutory deadline of December 31,
25 2023, and it is in the interest of this State and in the

1 interest of gas utilities' customers to understand the
2 benefits of these investments to the gas system and to
3 customers and to evaluate the current condition of the gas
4 system.

5 (3) It is also necessary for gas utilities, the
6 Commission, and stakeholders to have an independently
7 verified set of data to draw upon for future gas rate cases
8 and any other proposed gas system spending.

9 (4) Meeting the State's climate goals will require an
10 ordered transition away from gas, and toward electric
11 heating and appliances, for all or nearly all buildings,
12 and planning this transition will require a thorough
13 understanding of the current state of the gas system.

14 (5) The Commission has authority to order and
15 implement the requirements of this Section under Section
16 8-102.

17 (b) Terms used in this Section shall have the meanings
18 given to them in Section 19-105.

19 (c) Within 30 days after the effective date of this
20 amendatory Act of the 104th General Assembly, the Commission
21 shall issue an order initiating an audit of each gas utility
22 serving over 700,000 retail customers in the State, which
23 shall examine the following:

24 (1) An assessment of the gas distribution system, as
25 described in paragraph (2) of subsection (a). The
26 Commission shall have the authority to require additional

1 items that it deems necessary.

2 (2) An analysis of the utility's capital projects
3 placed into service in the preceding 10 years, including,
4 but not limited to, an assessment of the value and safety
5 impact of pipe replacement, increased system pressure, and
6 pipe capacity expansion.

7 (3) An assessment of the utility's emissions
8 reductions to date and what preparations the utility has
9 made to meet the terms of the Paris Climate Agreement,
10 with which it is the policy of the State to comply.

11 (4) The creation of a visual, geographic map of the
12 gas system displaying the level of risk of various
13 pipelines and showing the areas where pipelines have
14 already been replaced.

15 (5) The identifying areas of the gas system where the
16 cost to replace pipeline is likely to be high, including,
17 but not limited to, identifying places where
18 decommissioning a portion of the gas system and planning
19 to provide for electric heating and appliance needs in
20 that area may be preferable, considering the costs and
21 benefits for affordability, health, and climate.

22 (d) It is contemplated that the auditor will use materials
23 filed with the Commission by the utilities with respect to the
24 auditor's expenditures in the preceding 10 years; however, the
25 auditor may also, with Commission approval, assess other
26 information deemed necessary to make its report. The results

1 of the audit described in this Section shall be reflected in a
2 report delivered to the Commission, describing the information
3 specified in this Section. The report is to be delivered no
4 later than 180 days after the Commission enters its order
5 under subsection (c). It is understood that any public report
6 may not contain items that are confidential or proprietary.

7 (e) The costs of a gas utility's audit described in this
8 Section shall not exceed \$500,000 and shall be paid for by the
9 electric utility that is the subject of the audit. Such costs
10 shall be a recoverable expense.

11 (f) The Commission shall have the authority to retain the
12 services of an auditor to assist with the distribution
13 planning process, as well as in docketed proceedings. Such
14 expenses for these activities shall also be borne by the
15 Commission.

16 (220 ILCS 5/9-255 new)

17 Sec. 9-255. Phase-out of gas fixed charges. Beginning
18 January 1, 2035, a public utility providing gas service may
19 not assess fixed charges as part of its rates. Beginning
20 January 1, 2030, a public utility providing gas service must
21 limit, for each customer class, any fixed charges in its rates
22 to no greater than 50% of the average of monthly fixed charges
23 for that customer class during the period January 1, 2019 to
24 December 31, 2021.

1 (220 ILCS 5/16-111.10)

2 Sec. 16-111.10. Equitable Energy Upgrade Program.

3 (a) The General Assembly finds and declares that Illinois
4 homes and businesses can contribute to the creation of a clean
5 energy economy, conservation of natural resources, and
6 reliability of the electricity grid through the installation
7 of cost-effective renewable energy generation, energy
8 efficiency and demand response equipment, and energy storage
9 systems. Further, a large portion of Illinois residents and
10 businesses that would benefit from the installation of energy
11 efficiency, storage, and renewable energy generation systems
12 are unable to purchase systems due to capital or credit
13 barriers. This State should pursue options to enable many more
14 Illinoisans to access the health, environmental, and financial
15 benefits of new clean energy technology.

16 (b) As used in this Section:

17 "Commission" means the Illinois Commerce Commission.

18 "Energy project" means renewable energy generation
19 systems, including solar projects, energy efficiency upgrades,
20 decarbonization and electrification measures, energy storage
21 systems, demand response equipment, or any combination
22 thereof.

23 "Fund" means the Clean Energy Jobs and Justice Fund
24 established in the Clean Energy Jobs and Justice Fund Act.

25 "Program" means the Equitable Energy Upgrade Program
26 established under subsection (c).

1 "Utility" means electric public utilities providing
2 services to 500,000 or more customers under this Act.

3 (c) The Commission shall open an investigation into and
4 direct all electric and gas public utilities in this State to
5 adopt an Equitable Energy Upgrade Program that permits
6 customers to finance the construction of energy projects
7 through an optional tariff payable directly through their
8 utility bill, modeled after the Pay As You Save system,
9 developed by the Energy Efficiency Institute. The Program
10 model shall enable utilities to offer to make investments in
11 energy projects to customer properties with low-cost capital
12 and use an opt-in tariff to recover the costs. The Program
13 shall be designed to provide customers with immediate
14 financial savings if they choose to participate. The Program
15 shall allow residential electric and gas utility customers
16 that own the property, or renters that have permission of the
17 property owner, for which they subscribe to utility service to
18 agree to the installation of an energy project. The Program
19 shall ensure:

20 (1) eligible projects do not require upfront payments;
21 however, customers may pay down the costs for projects
22 with a payment to the installing contractor in order to
23 qualify projects that would otherwise require upfront
24 payments;

25 (2) eligible projects have sufficient estimated
26 savings and estimated life span to produce significant,

1 immediate net savings;

2 (3) participants shall agree the utility can recover
3 its costs for the projects at their location by paying for
4 the project through an optional tariff directly through
5 the participant's utility ~~electricity~~ bill, allowing
6 participants to benefit from installation of energy
7 projects without traditional loans;

8 (4) accessibility by lower-income residents and
9 environmental justice community residents; ~~and~~

10 (5) the utility must ensure that customers who are
11 interested in participating are notified that if they are
12 income qualified, they may also be eligible for the
13 Percentage of Income Payment Plan program and free energy
14 improvements through other programs and facilitate
15 interested customers' enrollment in those programs; and
16 ~~provide contact information.~~

17 (6) coordination with existing utility, state, and
18 federal energy efficiency, solar, electrification, and
19 other energy savings funding and implementation programs.

20 (d) The Commission shall establish Program guidelines with
21 the anticipated schedule of Program availability as follows:

22 (1) Year 1: Beginning in the first year of operation,
23 each utility with greater than 100,000 retail customers is
24 required to obtain low-cost capital of at least
25 \$20,000,000 annually for investments in energy projects.

26 (2) Year 2: Beginning in the second year of operation,

1 each utility with greater than 100,000 retail customers is
2 required to obtain low-cost capital for investments in
3 energy projects of at least \$40,000,000 annually.

4 (3) Year 3: Beginning in the third year of operation,
5 each utility with greater than 100,000 retail customers is
6 required to obtain low-cost capital for investments in as
7 many systems as customers demand, subject to available
8 capital provided by the utility, State, or other lenders.

9 (e) In the design of the Program, the Commission shall:

10 (1) Within 90 days after the effective date of this
11 amendatory Act of the 104th General Assembly, begin a
12 process to update the Program guidelines for
13 implementation of the Program. Any such process shall
14 allow for participation from interested stakeholders.
15 ~~Within 270 days after the effective date of this~~
16 ~~amendatory Act of the 102nd General Assembly, convene a~~
17 ~~workshop during which interested participants may discuss~~
18 ~~issues and submit comments related to the Program.~~

19 (2) Establish Program guidelines for implementation of
20 the Program in accordance with the Pay As You Save
21 Essential Elements and Minimum Program Requirements that
22 electric and gas utilities must abide by when implementing
23 the Program. Program guidelines established by the
24 Commission shall include the following elements:

25 (A) The Commission shall establish conditions
26 under which utilities secure capital to fund the

1 energy projects. The Commission may allow utilities to
2 raise capital independently, work with third-party
3 lenders to secure the capital for participants, or a
4 combination thereof. Any process the Commission
5 approves must use a market mechanism to identify the
6 least costly sources of capital funds so as to pass on
7 maximum savings to participants. The State or the
8 Clean Energy Jobs and Justice Fund may also provide
9 capital for the Program.

10 (B) Customer protection guidelines should be
11 designed consistent with Pay As You Save Essential
12 Elements and Minimum Program Requirements.

13 (C) The Commission shall establish conditions by
14 which utilities may connect Program participants to
15 energy project vendors. In setting conditions for
16 connection, the Commission may prioritize vendors that
17 have a history of good relations with the State,
18 including vendors that have hired participants from
19 State-created job training programs.

20 (D) Guarantee that conservative estimates of
21 financial savings will immediately and significantly
22 exceed estimated Program costs for Program
23 participants.

24 (E) Require any customer data sharing between
25 electric and gas utilities and third-party vendors
26 needed to evaluate the energy and demand saving and

1 energy services revenue opportunities of all customers
2 and otherwise facilitate a positive customer
3 experience. Such data sharing may include but shall
4 not be limited to historical and ongoing customer
5 usage data and billing rates. The Commission may allow
6 utilities to recover the costs associated with data
7 sharing from all customers.

8 (F) Notwithstanding the method used to estimate
9 site-specific energy savings or measure direct energy
10 savings for Program participants, the utility will
11 report aggregate savings to the Commission for
12 regulatory filings in the same or a similar manner as
13 other energy efficiency or clean energy programs.

14 (f) Within 90 ~~120~~ days after the Commission releases the
15 Program conditions established under this Section, each
16 utility subject to the requirements of this Section shall
17 submit an informational filing to the Commission that
18 describes its plan for implementing the provisions of this
19 Section. If the Commission finds that the submission does not
20 properly comply with the statutory or regulatory requirements
21 of the Program, the Commission may require that the utility
22 make modifications to its filing.

23 (g) An independent process evaluation shall be conducted
24 after one year of the Program's operation. An independent
25 impact evaluation shall be conducted after 3 years of
26 operation, excluding one-time startup costs and results from

1 the first 12 months of the Program. The Commission shall
2 convene an advisory council of stakeholders, including
3 representation of low-income and environmental justice
4 community members to make recommendations in response to the
5 findings of the independent evaluation.

6 (h) The Program shall be designed using the Pay As You Save
7 system guidelines to be cost-effective for customers. Only
8 projects that are deemed to be cost-effective and can be
9 reasonably expected to ensure customer savings are eligible
10 for funding through the Program, unless, as specified in
11 paragraph (1) of subsection (c), customers able to make
12 upfront copayments to installers buy down the cost of projects
13 so it can be deemed cost-effective.

14 (i) Eligible customers must be:

15 (1) property renters with permission of the property
16 owner; or

17 (2) property owners.

18 (j) The calculation of project cost-effectiveness shall be
19 based upon the Pay As You Save system requirements.

20 (1) The calculation of cost-effectiveness must be
21 conducted by an objective process approved by the
22 Commission and based on rates in effect at the time of
23 installation.

24 (2) A project shall be considered cost-effective ~~only~~
25 if it is estimated to produce significant immediate net
26 savings, not counting copayments voluntarily made by

1 customers. The Commission may establish guidelines by
2 which this required savings is estimated.

3 (3) Net savings shall include savings across all fuel
4 sources, not limited to electricity and natural gas.

5 (4) The calculation of project cost-effectiveness
6 shall not exclude projects that:

7 (A) would raise customer costs in a particular
8 month so long as customers see annual project savings;
9 or

10 (B) increase electric load and accompanying costs
11 when a heating electrification project results in the
12 ability to cool part or all of a home that was not
13 previously cooled. In such cases, the increased
14 electricity consumption associated with that added
15 cooling shall not be included in calculations of net
16 savings. Extreme heat poses an increasing risk to
17 Illinois communities. As such, it is in the public
18 interest to mitigate that risk through the addition of
19 building cooling systems.

20 However, any expected increase in electric load and
21 customer costs should be clearly communicated to impacted
22 customers, along with any options for mitigating that
23 increase.

24 (k) The Program should be modeled after the Pay As You Save
25 system, by which Program participants finance energy projects
26 using the savings that the energy project creates with a

1 tariffed on-bill program. Eligible projects shall not create
2 personal debt for the customer, result in a lien in the event
3 of nonpayment, or require customers to pay monthly charges for
4 any upgrade that fails and is not repaired within 21 days. The
5 utility may restart charges once the upgrade is repaired and
6 functioning and extend the term of payments to recover its
7 costs for missed payments and deferred cost recovery,
8 providing the upgrade continues to function.

9 (1) Any energy project that is defective or damaged due to
10 no fault of the participant must be either replaced or
11 repaired with parts that meet industry standards at the cost
12 of the utility or vendor, as specified by the Commission, and
13 charges shall be suspended until repairs or replacement is
14 completed. The Commission may establish, increase, or replace
15 the requirements imposed in this subsection. The Commission
16 may determine that this responsibility is best handled by
17 participating project vendors in the form of insurance,
18 contractual guarantees, or other mechanisms, and issue rules
19 detailing this requirement. Customers shall not be charged
20 monthly payments for upgrades that are no longer functioning.

21 (m) In the event of nonpayment, the remaining balance due
22 to pay off the system shall remain with the utility meter at an
23 upgraded location. The Commission shall establish conditions
24 subject to this constraint in the event of nonpayment that are
25 in accordance with the Pay As You Save system.

26 (n) The utility shall make every effort to ensure that

1 customers who are income-qualified for free energy upgrade
2 programs take full advantage of those programs first before
3 using the Equitable Energy Upgrade Program. If the demand by
4 utility customers exceeds the Program capital supply in a
5 given year, utilities shall ensure that 50% of participants
6 are:

7 ~~(1) customers in neighborhoods where a majority of~~
8 ~~households make 150% or less of area median income; or~~

9 ~~(2) residents of environmental justice communities.~~

10 (o) Utilities shall endeavor to inform customers about the
11 availability of the Program, their potential eligibility for
12 participation in the Program, and whether they are likely to
13 save money on the basis of an estimate conducted using
14 variables consistent with the Program that the utility has at
15 its disposal. The Commission may establish guidelines by which
16 utilities must abide by this directive and alternatives if the
17 Commission deems utilities' efforts as inadequate.

18 (p) Subject to Commission specifications under subsection
19 (c), each utility shall work with certified project vendors
20 selected using a request for proposals process to establish
21 the terms and processes under which a utility can install
22 eligible renewable energy generation and energy storage
23 systems using the capital to fit the Equitable Energy Upgrade
24 model. The utility ~~certified project vendor~~ shall explain and
25 offer the approved upgrades to customers and shall assist
26 customers in applying for financing through the Program. As

1 part of the process, utilities ~~vendors~~ shall also provide
2 participants with information about any other relevant
3 incentives that may be available and customer service
4 regarding the effective use of the upgrades.

5 Nothing shall preclude gas and electric utilities that
6 have overlapping service territories from jointly implementing
7 and delivering the Program.

8 (q) A participating ~~An electric~~ utility shall recover all
9 of the prudently incurred costs of offering a program approved
10 by the Commission under this Section. For investor-owned
11 utilities, shareholder incentives will be proportional to
12 meeting Commission approved thresholds for the number of
13 customers served and the amount of its investments in those
14 locations.

15 (r) The Commission shall adopt all rules necessary for the
16 administration of this Section.

17 (Source: P.A. 102-662, eff. 9-15-21.)

18 (220 ILCS 5/Art. XXIII heading new)

19 ARTICLE XXIII. CLEAN BUILDING HEATING LAW

20 (220 ILCS 5/23-101 new)

21 Sec. 23-101. Short title. This Article may be cited as the
22 Clean Building Heating Law. References in this Article to
23 "this Act" mean this Article.

(220 ILCS 5/23-102 new)

Sec. 23-102. Findings. The General Assembly finds that the adoption and use of clean, zero-pollution space and water heating appliances in residential and commercial buildings would benefit the State by (i) protecting the air that Illinoisans breathe through reducing unhealthy levels of smog and ozone, (ii) minimizing health risks associated with air pollution, including respiratory ailments, cardiovascular illnesses, and premature death, which are linked to exposure to fine particulate matter and nitrogen dioxide, (iii) assisting the State in achieving attainment of federal National Ambient Air Quality Standards for ozone and meeting the State's obligations under the federal Regional Haze Rule, (iv) reducing climate pollution in service to the State's net-zero greenhouse gas goals, and (v) contributing to the State's economy through building and mobilizing a trained and competitive workforce to install and maintain newly purchased appliances.

(220 ILCS 5/23-103 new)

Sec. 23-103. Definitions. As used in this Article:

"Annual fuel utilization efficiency" or "AFUE" means the efficiency as defined by Section 4.2.35 of the Code of Federal Regulations, Title 10, Part 430, Subpart B, Appendix N.

"Boiler" or "water heater" means a product used to heat water or produce steam and that is not exclusively used to

1 produce electricity for sale. "Boiler" does not include any
2 waste heat recovery boiler that is used to recover sensible
3 heat from the exhaust of a combustion turbine or any unfired
4 waste heat recovery boiler that is used to recover sensible
5 heat from the exhaust of any combustion equipment.

6 "Btu" means British thermal unit, which is a scientific
7 unit of measurement equal to the quantity of heat required to
8 raise the temperature of one pound of water by one degree
9 Fahrenheit at approximately 60 degrees Fahrenheit.

10 "Director" means the Director of the Environmental
11 Protection Agency or the Director's designee.

12 "Fan-type central furnace" means a self-contained space
13 heater providing for circulation of heated air at pressures
14 other than atmospheric through ducts more than 25 cm (10 in) in
15 length.

16 "Furnace" means a product designed to be a source of
17 interior space heating.

18 "Heat input" means the heat released by the combustion of
19 fuels in a unit based on the higher heating value of fuel,
20 excluding the enthalpy of incoming combustion air.

21 "Heat output" means the product obtained by multiplying
22 the recovery efficiency, as defined by Section 6.1.3 of the
23 Code of Federal Regulation, Title 10, Part 430, Subpart B,
24 Appendix E, by the input rating of the unit.

25 "NO_x" and "NO_x emissions" means the sum of nitric oxide and
26 nitrogen dioxide in the unit's flue gas, collectively

1 expressed as nitrogen dioxide.

2 "Rated heat input capacity" means the heat input capacity
3 specified on the nameplate of the combustion unit. If a unit
4 has been altered or modified such that its maximum heat input
5 is different from the heat input capacity specified on the
6 nameplate, the new maximum heat input is the unit's rated heat
7 input capacity.

8 "Useful heat delivered to the heated space" means the
9 annual fuel utilization efficiency (expressed as a fraction)
10 multiplied by the heat input.

11 (220 ILCS 5/23-104 new)

12 Sec. 23-104. Applicability. This Article applies to any
13 person who sells, installs, offers for sale, leases, or offers
14 for lease the following products in this State, as well as any
15 manufacturer who intends to sell or distribute for sale or
16 installation the following products in this State: (i) new
17 water heaters and boilers with a rated heat input capacity of
18 2,000,000 Btus per hour or less; and (ii) new furnaces with a
19 rated heat input capacity of 175,000 Btus per hour or less,
20 and, in the case of combination heating and cooling units, a
21 cooling rate of 65,000 Btus per hour or less.

22 (220 ILCS 5/23-105 new)

23 Sec. 23-105. Emissions standards for new building heating
24 and water heating appliances.

1 (a) On and after January 1, 2027, a person shall not sell,
2 install, offer for sale, lease, or offer for lease, and a
3 manufacturer shall not sell or distribute for sale or
4 installation, the following new products in this State:

5 (1) water heaters with a rated heat input capacity of
6 75,000 Btus per hour or less, and any water heaters with
7 power assist, that emit more than 10 nanograms of NO_x per
8 joule of heat output;

9 (2) water heaters and boilers with a rated heat input
10 capacity from 75,001 to 2,000,000 Btus per hour,
11 inclusive, that emit more than 14 nanograms of NO_x per
12 joule of heat output; or

13 (3) fan-type central furnaces with a rated heat input
14 capacity of 175,000 Btus per hour or less that emit more
15 than 14 nanograms of NO_x per joule of heat output.

16 (b) On and after January 1, 2030, a person shall not sell,
17 install, offer for sale, lease, or offer for lease, and a
18 manufacturer shall not sell or distribute for sale or
19 installation, the following new products in this State:

20 (1) water heaters and boilers with a rated heat input
21 capacity of 2,000,000 Btus per hour or less that emit more
22 than 0.0 nanograms of NO_x per joule of heat output; or

23 (2) furnaces with a rated heat input capacity of
24 175,000 Btus per hour or less that emit more than 0.0
25 nanograms of NO_x per joule of heat output. This includes
26 non-central installations, such as wall furnaces, as well

1 as units installed in non-residential applications.

2 (220 ILCS 5/23-106 new)

3 Sec. 23-106. Certification and identification of compliant
4 products.

5 (a) The manufacturer shall obtain confirmation from an
6 independent testing laboratory that each water heater, boiler,
7 or furnace model that is subject to the requirements of this
8 Article and that the manufacturer intends to sell or
9 distribute for sale or installation into the State has been
10 tested in accordance with the procedures in Section 23-107.
11 This confirmation shall include the following statement signed
12 and dated by the person responsible for the report at the
13 independent testing laboratory: "Based on my inquiry of those
14 individuals with primary responsibility for obtaining the
15 information, I certify that the statements and information in
16 this source test report are to the best of my knowledge and
17 belief true, accurate, and complete. I am aware that there are
18 significant civil and criminal penalties for submitting false
19 statements or information or omitting required statements or
20 information, including the possibility of fine or
21 imprisonment."

22 (b) For each such product model, the manufacturer shall
23 submit to the Director either of the following:

24 (1) A statement that each product model meets the
25 emission standards set forth in Section 23-105. The

1 statement must:

2 (A) provide the following general information:
3 name and address of manufacturer, brand name, trade
4 name, model number, and rated heat input capacity;

5 (B) provide a description of the model being
6 certified;

7 (C) include a complete certification source test
8 report demonstrating that the product model was tested
9 in accordance with procedures in Section 23-107 and a
10 written statement that the model complies with Section
11 23-105;

12 (D) include the following statement signed and
13 dated by a managerial level employee responsible for
14 the certification request at the manufacturer: "Based
15 on my inquiry of those individuals with primary
16 responsibility for obtaining the information, I
17 certify that the statements and information in this
18 request for certification are to the best of my
19 knowledge and belief true, accurate, and complete. I
20 am aware that there are significant civil and criminal
21 penalties for submitting false statements or
22 information or omitting required statements or
23 information, including the possibility of fine or
24 imprisonment.";

25 (E) be submitted to the Director no more than 90
26 days after the date of the emissions compliance test

1 conducted in accordance with Section 23-107; and

2 (F) be submitted to the Director no less than 90
3 days before the intention to sell or distribute a new
4 product model within the State or no less than 90 days
5 before the dates described in Section 23-105.

6 (2) An approved South Coast Air Quality Management
7 District (SCAQMD) certification for each product model
8 issued pursuant to SCAQMD Rules 1111, 1121, or 1146.2, to
9 demonstrate compliance with subsection (a) of Section
10 23-105.

11 (c) The manufacturer shall display the model number and
12 the certification status of a product complying with this
13 Article on the shipping carton and rating plate of each unit.

14 (220 ILCS 5/23-107 new)

15 Sec. 23-107. Determination of emissions. Emissions from
16 products subject to the requirements of this Article shall be
17 tested in accordance with the following provisions:

18 (1) Each product model shall receive certification
19 based on emission tests of a randomly selected unit of
20 that model.

21 (2) The measurement of NO_x emissions shall be
22 conducted in accordance with EPA Reference Method 7 (40
23 CFR Part 60, Appendix A), Test Methods 7A-7E.

24 (3) Each tested water heater shall be operated in
25 accordance with Section 2.4 of American National Standards

1 ANSI Z21.10.1-1990 at normal test pressure, input rates,
2 and with a 5-foot exhaust stack installed during the NO_x
3 emissions tests.

4 (4) Each tested furnace shall be operated in
5 accordance with the procedures specified in Section 3.1 of
6 the Code of Federal Regulations, Title 10, Part 430,
7 Subpart B, Appendix N.

8 (5) One of the 2 following formulas shall be used to
9 calculate the NO_x emission rate in nanograms of NO_x per
10 joule of heat output:

11
$$N = 4.566 \times 10^4 P U H C E$$

12 or

13
$$N = 3.655 \times 10^{10} P^{20.9} Y Z E$$

14 Where:

15 N = Calculated mass emissions of NO_x per unit of useful
16 heat (nanograms per joule of useful heat delivered to the
17 heated space).

18 P = Measured concentration of NO_x in flue gas (parts
19 per million by volume).

20 Y = Measured concentration of O₂ in flue gas
21 (percentage by volume).

22 Z = Gross heating value of gas (joules per cubic meter
23 at 0.0 degrees Celsius, 1 atm).

24 E = AFUE (percentage), as defined in Section 23-103.

25 U = Concentration of CO₂ in water-free flue gas for
26 stoichiometric combustion (percentage by volume).

1 H = Gross heating value of the fuel (Btu per cubic
2 foot, 60 degrees Fahrenheit, 30-in Hg).

3 C = Measured concentration of CO₂ in flue gas
4 (percentage by volume).

5 (220 ILCS 5/23-108 new)

6 Sec. 23-108. Enforcement and penalties.

7 (a) The Director may require the emission test results to
8 be provided when deemed necessary to verify compliance and may
9 periodically conduct on-site inspections and tests as are
10 deemed necessary to ensure compliance. Such verifications
11 shall be conducted at least once within 2 years of the date
12 described in subsection (a) of Section 23-105 and again at
13 least once every 5 years thereafter.

14 (b) If the Director determines that a manufacturer,
15 distributor, retailer, installer, or other person is in
16 violation of any provision of this Act, that violation is
17 subject to fines and penalties according to the Director's
18 authority.

19 (c) For purposes of this Section, fines or penalties may
20 be levied against an installer who installs a product covered
21 by this Article in violation of this Article, however they
22 shall not be levied against such installer's nonmanagerial
23 employees, if any, who perform such installation.

24 (d) Fines and penalties collected under this Section may
25 be used for supplemental environmental programs to offset the

1 cost of furnace and water heater replacements in low-income
2 and moderate-income households or households in environmental
3 justice communities, according to the Director's authority to
4 use fines and penalties.

5 (e) On or before the date described in subsection (a) of
6 Section 23-105, the Director shall establish a process whereby
7 individuals may anonymously report potential violations of
8 this Act. The Director shall investigate any such reported
9 potential violations.

10 (220 ILCS 5/23-109 new)

11 Sec. 23-109. Additional regulation. The Director may adopt
12 rules as necessary to ensure the proper implementation and
13 enforcement of this Article.

14 (220 ILCS 5/23-111 new)

15 Sec. 23-111. Revisions to building codes to comply with
16 greenhouse gas emissions reduction requirements.

17 (a) Beginning no later than July 1, 2027, to support the
18 State's achievement of its greenhouse gas emissions
19 requirements and to improve public health outcomes, the State
20 building code shall require that the site energy use intensity
21 between minimally compliant but otherwise similar buildings of
22 differing fuel types shall not be significantly unequal in all
23 new construction statewide. Beginning no later than July 1,
24 2027, to the fullest extent feasible, the building code shall

1 require that any area or service within a project where
2 infrastructure, building systems, or equipment used for the
3 combustion of fossil fuels are installed must be all-electric
4 ready.

5 (b) Requirements for all-electric ready new construction
6 for residential buildings shall include:

7 (1) a heat pump space heater ready. Systems using gas
8 or propane furnaces to serve individual dwelling units
9 shall include the following:

10 (A) a dedicated 240 volt branch circuit wiring
11 shall be installed within 3 feet from the furnace and
12 accessible to the furnace with no obstructions. The
13 branch circuit conductors shall be rated at 30 amps
14 minimum. The blank cover shall be identified as "240V
15 ready"; and

16 (B) the main electrical service panel shall have a
17 reserved space to allow for the installation of a
18 double pole circuit breaker for a future heat pump
19 space heater installation. The reserved space shall be
20 permanently marked as "For Future 240V use";

21 (2) an electric cooktop ready. Systems using gas or
22 propane cooktops to serve individual dwelling units shall
23 include the following:

24 (A) a dedicated 240 volt branch circuit wiring
25 shall be installed within 3 feet from the cooktop and
26 accessible to the cooktop with no obstructions. The

1 branch circuit conductors shall be rated at 50 amps
2 minimum. The blank cover shall be identified as "240V
3 ready"; and

4 (B) the main electrical service panel shall have a
5 reserved space to allow for the installation of a
6 double pole circuit breaker for a future electric
7 cooktop installation. The reserved space shall be
8 permanently marked as "For Future 240V Use";

9 (3) an electric clothes dryer ready. Clothes dryer
10 locations with gas or propane plumbing shall include the
11 following:

12 (A) systems serving individual dwelling units
13 shall include:

14 (i) a dedicated 240 volt branch circuit wiring
15 shall be installed within 3 feet from the clothes
16 dryer location and accessible to the clothes dryer
17 location with no obstructions. The branch circuit
18 conductors shall be rated at 30 amps minimum. The
19 blank cover shall be identified as "240V ready";
20 and

21 (ii) the main electrical service panel shall
22 have a reserved space to allow for the
23 installation of a double pole circuit breaker for
24 a future electric clothes dryer installation. The
25 reserved space shall be permanently marked as "For
26 Future 240V Use"; and

1 (B) systems in common use areas shall include
2 conductors or raceway shall be installed with
3 termination points at the main electrical panel, via
4 subpanels if applicable, to a location no more than 3
5 feet from each gas outlet or a designated location of
6 future electric replacement equipment. Both ends of
7 the conductors or raceway shall be labeled "Future
8 240V Use". The conductors or raceway and any
9 intervening subpanels, panelboards, switchboards, and
10 busbars shall be sized to meet the future electric
11 power requirements, at the service voltage to the
12 point at which the conductors serving the building
13 connect to the utility distribution system. The
14 capacity requirements may be adjusted for demand
15 factors. Gas flow rates shall be determined in
16 accordance with State plumbing code. Capacity shall be
17 one of the following:

18 (i) 0.24 amps at 208/240 volts per clothes
19 dryer;

20 (ii) 2.6 kVA for each 10,000 Btu per hour of
21 rated gas input or gas pipe capacity; or

22 (iii) the electrical power required to provide
23 equivalent functionality of the gas-powered
24 equipment as calculated and documented by the
25 responsible person associated with the project;
26 and

1 (4) a heat pump water heater ready. Systems using gas
2 or propane service water heaters to serve individual
3 dwelling units shall include the following:

4 (A) a dedicated 240 volt branch circuit wiring
5 shall be installed within 3 feet from the furnace and
6 accessible to the furnace with no obstructions. The
7 branch circuit conductors shall be rated at 30 amps
8 minimum. The blank cover shall be identified as "240V
9 ready";

10 (B) the main electrical service panel shall have a
11 reserved space to allow for the installation of a
12 double pole circuit breaker for a future heat pump
13 water heater installation. The reserved space shall be
14 permanently marked as "For Future 240V use"; and

15 (C) an indoor space that is at least 3 feet by 3
16 feet by 7 feet high shall be available surrounding or
17 within 3 feet of the installed water heater, except
18 where a tankless water heater is installed.

19 (c) Newly constructed commercial buildings shall meet the
20 requirements of Appendix CH of the 2024 version of the
21 International Energy Conservation Code.

22 (d) Beginning no later than January 1, 2028, the State
23 building code must include a prescriptive requirement for
24 central air conditioning systems that are being removed due to
25 equipment failure or as part of a larger renovation project,
26 that they must be replaced with a heat pump capable of both

1 heating and cooling in accordance with the following
2 requirements:

3 (1) Requirements for residential buildings:

4 (A) If an existing central air conditioner is
5 removed from a natural gas, propane, or fuel oil
6 forced air system that is to remain in place, the
7 replacement heat pump must be sized to meet the
8 cooling load of the home with controls allowing the
9 heat pump to provide the primary heating and furnace
10 as "backup" heating.

11 (B) If an existing central air conditioner is
12 connected to a natural gas, propane, or fuel oil
13 forced air system that is to also be replaced, the
14 replacement heat pump must be sized to meet all loads
15 of the home. Exceptions may be given for replacement
16 systems that require the main electrical service panel
17 to be upgraded.

18 (C) If an existing central air conditioner and its
19 accompanying ductwork are replaced, the replacement
20 heat pump must be sized to meet all loads of the home.

21 (2) Requirements for commercial buildings: If an
22 existing rooftop packaged unit is removed, the replacement
23 unit must be a heat pump. This requirement only applies to
24 existing rooftop packaged units that are 65,000 Btu/h or
25 less. Exceptions may be given for replacement systems that
26 require the main electrical service panel to be upgraded.

1 (220 ILCS 5/23-112 new)

2 Sec. 23-112. Revisions to gas service line extensions to
3 comply with greenhouse gas emissions reduction requirements.

4 (a) To support the State's achievement of its greenhouse
5 gas emissions requirements, and to improve public health
6 outcomes, no gas company may furnish or supply gas service,
7 instrumentalities, and facilities to any commercial or
8 residential location that did not receive gas service or did
9 not file applications for gas service on or before June 30,
10 2028.

11 (b) The following locations are exempt from the
12 requirements of subsection (a):

13 (1) buildings that require gas systems for emergency
14 backup power; and

15 (2) buildings specifically designated for occupancy by
16 a commercial food establishment, laboratory, laundromat,
17 hospital, or crematorium.

18 (220 ILCS 5/23-301 new)

19 Sec. 23-301. Severability. If any provision of this
20 Article or the application of this Article to any person or
21 circumstance is held invalid, such invalidity does not affect
22 other provisions or applications of the Article that can be
23 given effect without the invalid provision or application, and
24 to this end the provisions of this Article are declared to be

1 severable.

2 (220 ILCS 5/Art. XXIV heading new)

3 ARTICLE XXIV. 2050 HEAT DECARBONIZATION STANDARD

4 (220 ILCS 5/24-101 new)

5 Sec. 24-101. Legislative policy. To provide the highest
6 quality of life for the residents of this State and to provide
7 for a clean and healthy environment, it is the policy of this
8 State that natural gas utilities, otherwise referred to as
9 "obligated parties", shall transition to 100% zero emissions
10 by 2050. Under the heat decarbonization standard, each gas
11 utility has an annual obligation, beginning in 2030, to reduce
12 the greenhouse gas emissions resulting from the combustion of
13 the fuels it delivers to its customers. The emission reduction
14 obligation for 2030 shall be 20% relative to each utility's
15 2020 greenhouse gas emissions levels on a weather-normalized
16 basis. The emission reduction obligation shall grow by 4
17 percentage points per year every year thereafter, such that
18 the annual emission reduction requirement will reach 24% in
19 2031, 28% in 2032, 32% in 2033, 36% in 2034, 40% by 2035, 44%
20 by 2036, 48% by 2037, 52% by 2038, 56% by 2039, 60% by 2040,
21 64% by 2041, 68% by 2042, 72% by 2043, 76% by 2044, 80% by
22 2045, 84% by 2046, 88% by 2047, 92% by 2048, 96% by 2049, and
23 100% by 2050. This obligation shall be referred to as the "heat
24 decarbonization standard". The heat decarbonization standard

1 must be met by the lowest societal cost combination of supply
2 and demand-side resources. References in this Article to "this
3 Act" means this Article.

4 (220 ILCS 5/24-102 new)

5 Sec. 24-102. Options for compliance.

6 (a) Obligated parties must demonstrate compliance with the
7 heat decarbonization standard using a combination of:

8 (1) emission reductions achieved from the obligated
9 parties' own customers; and

10 (2) clean heat credits purchased from other gas
11 utilities that are also obligated parties in this State.

12 (b) Prior to 2035, at least 70% of each obligated party's
13 emission reduction obligation must be met through emission
14 reductions achieved from its own customers, with no more than
15 30% of the emission reduction obligation in any year met
16 through the purchase of clean heat credits. From 2035 through
17 2040, at least 80% of each obligated party's emission
18 reduction requirement must be met through emission reductions
19 from its own customers, with no more than 20% met through the
20 purchase of clean heat credits. After 2040, at least 90% of
21 each obligated party's emission reduction requirement must be
22 met through emission reductions achieved from its own
23 customers, with no more than 10% met through the purchase of
24 clean heat credits.

1 (220 ILCS 5/24-103 new)

2 Sec. 24-103. Measures for customer emission reduction.
3 Emissions must be achieved through improvements in customers'
4 energy conservation practices, improvements in customers'
5 end-use efficiency, full or partial electrification of any end
6 use, or switching from fossil methane to lower-emitting liquid
7 or gaseous fuels that are delivered by the obligated party and
8 directly consumed by end-use customers at the customers' homes
9 or businesses. Lower-emitting liquid or gaseous fuels may
10 include biomethane, but lower-emitting liquid or gaseous fuels
11 may not include hydrogen except for industrial applications.
12 For emission reductions from lower-emitting liquid or gaseous
13 fuels to be counted toward an obligated party's emission
14 reduction obligation, the obligated party must both acquire
15 the lower-emitting fuel, including its environmental
16 attributes, and demonstrate a contractual pathway for the
17 physical delivery of the fuel from the point of injection into
18 a pipeline to the obligated party's delivery system. Gas
19 utilities may not use reductions in emissions from sources
20 unrelated to combustion of fossil gas at customers' homes and
21 businesses in this State as emissions offsets or alternatives
22 to reductions in the customers' own emissions.

23 Obligated parties must meet the heat decarbonization
24 standard with the lowest societal cost combination of
25 resources, where societal cost includes infrastructure costs,
26 utility return on capital, the social cost of greenhouse gas

1 emissions and leakage, and the cost of health impacts
2 attributable to pollution from a given measure.

3 (220 ILCS 5/24-104 new)

4 Sec. 24-104. Demonstrating customer emission reductions.

5 (a) Each obligated party's emissions in each year shall be
6 calculated as:

7 (1) a weather-normalized estimate of emissions from
8 the actual amount of fossil methane consumed by its
9 customers in the year, plus;

10 (2) a weather-normalized estimate of emissions from
11 the leakage of methane, hydrogen, or other greenhouse
12 gases from front or behind-the-meter sources in a given
13 year, plus;

14 (3) a weather-normalized estimate of the magnitude of
15 remaining emissions resulting from switching from fossil
16 methane to lower-emitting liquid or gaseous fuels that are
17 delivered by the obligated party and directly consumed by
18 customers at the customers' homes or businesses in the
19 year. The magnitude of remaining emissions resulting from
20 switching from fossil methane to lower-emitting liquid or
21 gaseous fuels shall be calculated as (i) the magnitude of
22 emissions that would have occurred had fossil methane
23 continued to be consumed, multiplied by (ii) one minus the
24 percent reduction in life cycle emissions resulting from
25 the fuel substitution. Life cycle emission calculations

1 shall account for emissions associated with the entire
2 pathway of a fuel, including extraction, production,
3 transportation, distribution, and combustion of the fuel
4 by the consumer.

5 (b) Obligated parties shall calculate these figures
6 annually, and electronically submit the figures in an easily
7 accessible digital format, such as .PDF, .DOCX, or XLSX, to
8 the Environmental Protection Agency, the Commission, the
9 Governor, and the General Assembly.

10 (c) The Environmental Protection Agency shall post these
11 figures for each utility on a website readily accessible to
12 the public, within 30 days of obligated parties submitting the
13 figures to the Agency, and shall maintain all previous years'
14 records for similar public access.

15 (d) The Environmental Protection Agency shall also assess
16 the emissions figures submitted by obligated parties to assess
17 those parties' compliance or lack thereof with the heat
18 decarbonization standard. If an obligated party does not
19 comply, the obligated party shall be subject to enforcement
20 mechanisms described in Section 24-108.

21 (220 ILCS 5/24-105 new)

22 Sec. 24-105. Tradable clean heat credits. A tradable clean
23 heat credit is a tradable, intangible commodity that
24 represents an amount of greenhouse gas reduction, measured in
25 tons of CO₂, achieved by a gas utility from its customers in

1 this State. An obligated party must achieve excess emission
2 reductions, over and above its annual obligation, to sell
3 tradable clean heat credits to another obligated party. The
4 number of tradable clean heat credits sold by an obligated
5 party in any year may not exceed the magnitude of the obligated
6 party's excess emission reductions in that year.

7 (220 ILCS 5/24-106 new)

8 Sec. 24-106. Banking of emission reductions. An obligated
9 party that achieves emission reductions in a given year that
10 are in excess of its emission reduction obligation in that
11 year may, in lieu of selling them to another obligated party,
12 bank them. Emission reductions that are banked in a given year
13 may be used to comply with emission reduction obligations in
14 any of the following 3 years. Excess emission reductions may
15 not be banked for more than 3 years or used as part of an
16 obligated party's annual compliance more than 3 years after
17 they were generated. No obligated party may achieve more than
18 20% of any annual emission reduction obligation using banked
19 emission reductions.

20 (220 ILCS 5/24-107 new)

21 Sec. 24-107. Equity in emission reductions.

22 (a) As used in this Section:

23 "Equity investment eligible communities" has the meaning
24 given to that term in the Energy Transition Act.

1 "Income-qualified households" means those households whose
2 annual incomes are at or below 80% of the area median income.

3 (b) Each obligated party must achieve real emission
4 reductions from income-qualified households and environmental
5 justice communities that are at least 5 percentage points
6 greater than a proportional percentage of the annual gas
7 consumption of such customers multiplied by each obligated
8 party's annual emissions reduction requirements. At least half
9 of the emission reductions from equity investment eligible
10 communities shall be from measures that require capital
11 investments in homes, have expected lives of at least 10
12 years, and are estimated to lower annual energy bills.
13 Emission reductions in equity investment eligible communities
14 shall include codelivery and coordinated implementation of all
15 relevant programs, measures, and complementary services. This
16 includes, but is not limited to, pairing high efficiency
17 electrification measures and programs with energy efficiency,
18 building envelope improvements, the Illinois Solar for All
19 Program, energy assistance, health and safety improvements,
20 and federal incentives targeted to disadvantaged communities.
21 Emission reductions from income-qualified and environmental
22 justice communities, including efforts to codeliver and
23 coordinate other programs and services, shall be reported on
24 at least annually to the Commission. Tradable clean heat
25 credits cannot be used to fulfill this requirement.

1 (220 ILCS 5/24-108 new)

2 Sec. 24-108. Enforcement.

3 (a) The Commission shall order an obligated party that
4 fails to achieve its emission reduction obligation in a given
5 year, including required amounts from income-qualified
6 customers and front-line communities, to make a noncompliance
7 payment. The noncompliance payment shall be equal to 3 times
8 the estimated cost per unit of emission reduction incurred by
9 all obligated parties in the State for the emission reductions
10 the obligated parties achieved in the prior year.

11 (b) The Commission may waive the noncompliance payment if:

12 (1) it finds that the obligated party made a good
13 faith effort to achieve the required amount of emission
14 reduction and its failure to achieve the required
15 reduction resulted from market factors beyond its control,
16 that could not have reasonably been anticipated, and for
17 which the obligated party could not have planned; and

18 (2) it directs the obligated party to add the
19 difference between its obligated level of emission
20 reduction and actual emission reduction achieved to its
21 required emission reduction amount in subsequent years,
22 with the shortfall being made up in no more than 3 years.

23 (c) Payments received pursuant to the noncompliance
24 penalty shall be directed to the Commission.

25 (d) The Commission shall use any noncompliance payments to
26 contract with an independent third party to achieve emission

1 reductions in the service territory of the noncomplying
2 utility. The Commission shall prioritize achieving such
3 reductions from weatherization or electrification of
4 income-qualified households, to the extent that such
5 reductions would lower annual energy bills.

6 (220 ILCS 5/24-109 new)

7 Sec. 24-109. 2050 Heat Decarbonization Pathways Study.

8 (a) In order to ensure sufficient planning for achieving
9 this goal, the Commission shall complete a 2050 Heat
10 Decarbonization Pathways Study by June 1, 2026, to examine
11 feasible and practical pathways for investor-owned natural gas
12 utilities to achieve the State's decarbonization requirement
13 to be net zero by 2050, and the impacts of decarbonization on
14 customers and the electric and natural gas utilities that
15 serve the customers.

16 (b) The Commission shall host the study in collaboration
17 with a technical working group whose members are appointed by
18 the Governor and a consultant selected by the technical
19 working group. The Commission and technical working group
20 shall host a public process for stakeholder input regarding
21 (i) the proposed scope of the study, (ii) initial draft
22 assumptions for the study, (iii) draft study results, and (iv)
23 the draft study report. The technical working group shall
24 consist of the following members:

25 (1) one representative of natural gas utilities;

1 (2) one representative of electric utilities;

2 (3) the chair of the Commission, or the chair's
3 designee;

4 (4) one representative of the Office of
5 Decarbonization Planning within the Illinois Commerce
6 Commission;

7 (5) one representative of the Environmental Protection
8 Agency;

9 (6) one representative of an environmental advocacy
10 group;

11 (7) one representative of a labor organization;

12 (8) one representative of commercial and industrial
13 gas customers;

14 (9) one representative of an organization that
15 represents residential ratepayer advocates;

16 (10) one representative of a group that represents
17 environmental justice or front-line communities;

18 (11) one representative of a group that represents
19 low-income residents;

20 (12) one representative of an organization that
21 focuses on access to and promotion of energy efficiency;
22 and

23 (13) one climate scientist from a national laboratory
24 or institution of higher education in the State.

25 (c) The 2050 Heat Decarbonization Pathways Study shall
26 consider:

1 (1) future clean heating strategies for residential,
2 commercial, and industrial customers, including
3 electrification, geothermal heat and thermal networks, and
4 energy efficiency that would comply with each gas
5 utility's obligation under the heat decarbonization
6 standard;

7 (2) a comparative assessment of the marginal
8 greenhouse gas abatement cost curve of resources and
9 technologies, including electrification, that are
10 available for helping the utility meet its heat
11 decarbonization standard requirements;

12 (3) how a reduction in natural gas and other
13 utility-delivered gaseous fuels throughput will impact
14 customer gas and electric rates, considering various price
15 scenarios for electricity, natural gas, and other gaseous
16 fuels and reference medium and high electrification
17 scenarios;

18 (4) strategies to ensure equitable prioritization of
19 decarbonization measures and programs in income-qualified
20 and environmental justice communities while minimizing
21 energy transition costs on ratepayers, with an emphasis on
22 an accessible and affordable transition for low-income
23 residents, fixed-income residents, and residents within
24 equity investment eligible communities;

25 (5) an assessment of demand-side resource potential,
26 including load management, energy efficiency,

1 conservation, demand response, and fuel switching,
2 including electrification, available federal, State,
3 county, local, and private incentives, or financing
4 options related to building electrification and
5 efficiency;

6 (6) that the federal incentives analysis must include
7 ways that investor-owned utilities can leverage rebates
8 and tax incentives in the Inflation Reduction Act and
9 Infrastructure Investment and Jobs Act; in addition, the
10 assessment must include ways for the investor-owned
11 utilities to maximize low-income qualified households'
12 participation in the electrification incentive programs;

13 (7) the impacts of building and vehicle
14 electrification on the electric grid and strategies to
15 integrate gas and electric system planning and resource
16 optimization;

17 (8) specific natural gas end uses that may be suitable
18 for the use of alternative fuels, such as biomethane and
19 green hydrogen, and an assessment of the natural gas end
20 uses' commercial availability, social cost, and life cycle
21 emissions;

22 (9) a comparative evaluation of the cost of natural
23 gas purchasing strategies, storage options, delivery
24 resources, and improvements in demand-side resources using
25 a consistent method to calculate cost-effectiveness; and

26 (10) an evaluation of employment metrics associated

1 with each alternative, including a projection of gas
2 distribution jobs affected by a given alternative and jobs
3 made available through the alternative, a description of
4 opportunities to transition any affected gas distribution
5 jobs to the alternative, and an explanation of how
6 employment impacts associated with each alternative could
7 affect equity investment eligible communities. Given its
8 findings, the study will create a Just Transition Plan,
9 inclusive of funding needs, for the current gas workforce.
10 (d) The Chair of the Commission, or the Chair's designee,
11 will also serve as the Chair of the Technical Working Group.

12 (220 ILCS 5/24-110 new)

13 Sec. 24-110. Gas infrastructure planning.

14 (a) This Article creates the Office of Decarbonization
15 Planning within the Commission to manage an iterative
16 statewide heat decarbonization plan located within the
17 Commission. On a timeline concurrent with the 2050 Heat
18 Decarbonization Pathways Study, the Office of Decarbonization
19 Planning shall adopt rules for implementing the heat
20 decarbonization plans.

21 (b) As used in this Section:

22 "Environmental justice communities" has the meaning given
23 to that term in the Illinois Power Agency Act.

24 "Lowest reasonable cost" means the least-cost, least-risk
25 mix of demand-side, supply-side, and electrification resources

1 determined through a detailed and consistent analysis of a
2 wide range of commercially available sources. At a minimum,
3 this analysis must consider resource costs, resource
4 availability, market-volatility risks, the risks imposed on
5 ratepayers, resource effect on system operations, public
6 policies regarding resource preferences, the cost of risks
7 associated with environmental effects, including emissions of
8 carbon dioxide, the ability to scale to meet 2050 goals, air
9 pollution and resulting public health impacts, equity impacts,
10 and the need for security of supply.

11 "Planned project" means any programmatic expense or
12 related group of programmatic expenses with a defined scope of
13 work and associated cost estimate that exceeds \$1,000,000 in
14 2020 dollars or \$500,000 in 2020 dollars for gas utilities
15 with less than 50,000 full service customers, as adjusted
16 annually for inflation.

17 "Resources" means both demand-side and supply-side
18 resources, including, but not limited to, natural gas,
19 biomethane, green hydrogen for industrial application,
20 conservation, energy efficiency, demand response, and
21 electrification.

22 (c) Each natural gas utility regulated by the Commission
23 has the responsibility to meet system demand and public policy
24 requirements, including the State's heat decarbonization
25 standard, with the lowest reasonable cost and most feasible
26 mix of resources. In furtherance of that responsibility, each

1 natural gas utility must develop a gas infrastructure plan for
2 meeting the utility's heat decarbonization standard, including
3 5-year interim milestones from 2025 until 2050. The gas
4 infrastructure plan must take into account the findings of the
5 2050 Heat Decarbonization Pathways Study.

6 (d) Natural gas utilities shall file biennial gas
7 infrastructure plans that create alignment between gas utility
8 distribution system investments and the utility's heat
9 decarbonization standard obligations at lowest reasonable cost
10 and that consider nonpipeline infrastructure projects that
11 minimize costs over the long term.

12 (e) Before the filing of each biennial gas infrastructure
13 plan, the Office of Decarbonization Planning shall contract
14 for gas demand forecasts for each regulated gas utility in the
15 State from an independent party. Gas utilities must reasonably
16 provide accurate and timely system data to the independent
17 contractor selected to conduct the forecasts. For each
18 regulated gas utility in the State, the third party must
19 produce forecasts for each customer class that consider slow,
20 medium, and rapid acceleration of residential, commercial, and
21 industrial electrification of the end uses that rely upon the
22 direct combustion of natural gas in buildings. The forecasts
23 must include, to the extent possible, the effects of updated
24 State and local building codes, changes to the number of gas
25 utility customers, consumer responses to building
26 electrification programs or incentives offered within a gas

1 utility's service territory, the price elasticity of gas
2 demand if rates increase due to reduced gas throughput and the
3 impacts of commodity prices, and any other criteria as
4 stipulated by the Commission. The forecasts shall be due to
5 the Commission and the gas utilities at least 8 months prior to
6 the filing of a gas infrastructure plan.

7 (f) A gas infrastructure plan must:

8 (1) cover the 20 years immediately following the
9 approval of the plan with a 5-year action plan of
10 investments;

11 (2) provide the estimated total cost and annual
12 incremental revenue requirements of the proposed action
13 plan, assuming both conventional depreciation and
14 accelerated depreciation, as applicable;

15 (3) use the various gas demand forecasts provided to
16 it under this article and include a range of possible
17 future scenarios and input sensitivities for the purpose
18 of testing the robustness of the utility's portfolio of
19 planned projects under various parameters;

20 (4) take into account the findings of the 2050 Heat
21 Decarbonization Pathways Study;

22 (5) demonstrate that the utility's infrastructure
23 investment plans align with obligations under the heat
24 decarbonization standard;

25 (6) include a list of all proposed system expenditures
26 and investments, including an analysis of infrastructure

1 needs and detailed information on all planned projects
2 within the action plan;

3 (7) include the results of nonpipeline alternative
4 analyses conducted for all planned projects not necessary
5 to mitigate a near-term safety or reliability risk subject
6 to rules by the Commission that include, but are not
7 limited to:

8 (A) a consideration of both supply and demand-side
9 alternatives to traditional capital investments,
10 including gas demand response and electrification; and

11 (B) a cost-benefit analysis of the various options
12 that consider non-energy benefits and the societal
13 value, including health benefits, of reduced carbon
14 emissions and surface-level pollutants, particularly
15 in equity investment eligible communities;

16 (8) minimize rate impacts on customers, particularly
17 low-income households and households within equity
18 investment eligible communities;

19 (9) describe the methodology, criteria, and
20 assumptions used to develop the plan;

21 (10) include one or more system maps indicating
22 locations of individual planned projects, pressure
23 districts served by the individual project, locations of
24 equity investment eligible communities, and any other
25 information as required by the Commission;

26 (11) provide a summary of stakeholder participation

1 and input from a public stakeholder process, and an
2 explanation of how input was incorporated into the plan,
3 including for all projects located within equity
4 investment eligible communities, a description of its
5 outreach to members of that community and findings from
6 those efforts; and

7 (12) requires the utility, to the extent that the
8 utility assumes the use of alternative fuels, such as
9 biomethane or green hydrogen, to meet its obligations
10 under the heat decarbonization standard, to demonstrate a
11 plan to procure firm supply and cost-effectiveness as
12 compared to nonfuel alternatives, inclusive of the costs
13 to retrofit all public and private infrastructure to
14 accommodate the fuels; green hydrogen may only be used for
15 industrial applications; hydrogen blending with methane
16 shall not be part of decarbonization plans.

17 (g) Not later than 12 months before the due date of a plan,
18 the utility must provide a work plan for the Commission to
19 review. The work plan must outline the content of the resource
20 plan to be developed by the utility, the method for assessing
21 potential resources, and the timing and extent of public
22 participation. In addition, the Commission will hear comments
23 on the plan at a minimum of 3 public hearings, held at times
24 and locations accessible and convenient to most people,
25 including at least one in an equity investment eligible
26 community, which are scheduled after the utility submits its

1 plan for Commission review.

2 (h) No later than July 1, 2027, gas utilities in this State
3 must file the first gas infrastructure plan application for
4 approval. The Commission may approve, deny, or require
5 modifications to the plan. Once approved, the plan must be
6 incorporated into the utility's next general rate case using
7 the approved ratemaking treatments. Deviations based on
8 unforeseen circumstances must be justified and approved by the
9 Commission.

10 (i) The Commission shall adopt new rules, amend existing
11 rules, as necessary, and dedicate sufficient resources to
12 implement this Section.

13 (220 ILCS 5/24-111 new)

14 Sec. 24-111. Study on gas utility financial incentive
15 reform.

16 (a) The General Assembly finds that:

17 (1) Improving the alignment of gas utility customer
18 interests, State policy, and company interests is critical
19 to ensuring the expected decline in the use of natural gas
20 is done efficiently, safely, cost-effectively, and
21 transparently.

22 (2) There is urgency around addressing increasing
23 threats from climate change and assisting communities that
24 have borne disproportionate impacts from climate change,
25 including air pollution, greenhouse gas emissions, and

1 energy burdens. Addressing this problem requires changes
2 to the energy used to power homes and businesses, and
3 changes to the gas utility business model under which
4 utilities in the State have traditionally functioned.

5 (3) Gas utility ratepayers may face upwardly spiraling
6 bills if steps are not taken to contain costs and
7 strategically prune parts of the gas distribution network.

8 (4) There is a need to encourage gas utilities to
9 innovate and find new lines of business to maintain
10 financial health as their main business, the provision of
11 fossil natural gas, winds down.

12 (5) The current regulatory framework has encouraged
13 infrastructure programs that have been plagued by
14 excessive cost overruns and delays.

15 (6) Discussions of performance incentive mechanisms
16 must always take into account the affordability of
17 customer rates and bills via stakeholder input.

18 The General Assembly, therefore, directs the Commission to
19 reform the gas utility financial incentives structure to
20 further specified goals and objectives related to the
21 provision of clean, affordable heat and the advancement of an
22 equitable distribution of benefits and reduction in harms in
23 equity investment eligible communities and economically
24 disadvantaged communities.

25 (b) The Commission shall open an investigation to consider
26 performance-based ratemaking tools and other financial

1 mechanisms to advance the goals of affordability, equity,
2 pollution reduction, energy system flexibility and
3 electrification, reliability, safety, customer experience,
4 cost-effectiveness, and the financial health of gas utilities
5 as the gas utilities scale down their core business of
6 delivering fuel-based energy through the distribution network.
7 The investigation shall consider the following mechanisms, in
8 addition to any others that the Commission or stakeholders
9 deem necessary:

- 10 (1) accelerated and shortened depreciation schedules;
- 11 (2) performance metrics and benchmarking;
- 12 (3) revenue decoupling;
- 13 (4) cost-recovery options for nonpipeline
14 alternatives;
- 15 (5) electrification;
- 16 (6) networked geothermal systems;
- 17 (7) securitization;
- 18 (8) fuel-cost sharing;
- 19 (9) multiyear rate plans;
- 20 (10) performance incentive mechanisms;
- 21 (11) the equalization of capital and operational
22 expenditures;
- 23 (12) return on equity levels for different investment
24 types;
- 25 (13) rate designs at the electric and gas nexus;
- 26 (14) low-income rates;

1 (15) luxury gas rates; and

2 (16) intersectoral cost recovery.

3 (c) The Commission must create a framework to evaluate
4 each mechanism on its own and as part of a set of mechanisms to
5 achieve the policy objectives determined by the General
6 Assembly, stakeholders, and the general public after a minimum
7 of 3 public hearings held at times and locations accessible
8 and convenient to most people, including at least one in an
9 equity investment eligible community.

10 (d) The investigation shall consist of a series of
11 workshops facilitated by an independent consultant that
12 encourages representation from diverse stakeholders, ensures
13 equitable opportunities for participation, and does not
14 require formal intervention or representation by an attorney.

15 (e) Any recommendations at the conclusion of the process
16 must be shared with the General Assembly, and those
17 recommendations already within the Commission's existing
18 authorities must be adopted in the next applicable general
19 rate case or relevant filing.

20 (220 ILCS 5/24-112 new)

21 Sec. 24-112. Reporting requirements.

22 (a) Each gas utility in the State must report data to the
23 Commission in January and July of each year that satisfy
24 metrics that are set by the Commission to assess, on a system,
25 segment, and neighborhood basis, the level of system safety

1 and risk. The metrics must include, but are not limited to, the
2 following:

3 (1) the overall average leak rate of replaced and
4 to-be-replaced mains and leak-prone pipes;

5 (2) the overall average leak rate using only
6 leak-prone pipe and current leaks;

7 (3) the neighborhood average leak rate using only
8 remaining leak-prone pipes and current leaks; and

9 (4) the neighborhood historic average leak rate using
10 leaks on leak-prone pipes for the past 2 years, on a
11 rolling basis, normalized for weather, and incorporating
12 all class 2 leaks except third-party damage.

13 (b) Gas utilities must include in the report an assessment
14 of whether the actions taken in the prior 3 years produced the
15 best value, in terms of risk reduction, for the amounts
16 expended and a prediction of how planned projects will change
17 risk levels on a neighborhood, segment, and system basis. The
18 report filed by Peoples Gas Light and Coke Company must also
19 include updates on steps taken to implement the
20 recommendations of the Final Report on Phase One of an
21 Investigation of Peoples Gas Light and Coke Company's AMRP.
22 The Commission may require any other gas utility to adopt new
23 and revised practices and processes by Peoples Gas Light and
24 Coke Company to ensure consistency across utilities.

25 (c) In its review of the data and metrics provided, the
26 Commission may order adjustments in infrastructure replacement

1 plans as it deems necessary to meet an acceptable level of risk
2 at appropriate cost.

3 (220 ILCS 5/Art. XXV heading new)

4 ARTICLE XXV. STATE NAVIGATOR PROGRAM LAW

5 (220 ILCS 5/25-101 new)

6 Sec. 25-101. Short title. This Article may be cited as the
7 State Navigator Program Law. References in this Article to
8 "this Act" mean this Article.

9 (220 ILCS 5/25-102 new)

10 Sec. 25-102. Intent. The General Assembly finds that
11 improving the energy efficiency of, and reducing the
12 greenhouse gases from, residential buildings are critical to
13 meeting the State's adopted climate goals in Public Act
14 102-662.

15 The General Assembly recognizes that making information
16 about energy efficiency and weatherization programs,
17 electrification services, skilled contractors, and federal and
18 State electrification incentives available to State residents
19 will assist obligated parties to comply with the Clean Heat
20 Standard set out in Article XXIII. Further, the General
21 Assembly recognizes that establishing a comprehensive
22 statewide navigator program is essential to ensuring equitable
23 access to electrification and energy efficient services. This

1 program requires the Administrator to help State residents
2 combine local, State, federal, and utility services related to
3 electrification, energy efficiency, and the reduction of
4 energy burdens to maximize electrification and energy
5 efficiency in this State, and fill gaps as needed.

6 (220 ILCS 5/25-103 new)

7 Sec. 25-103. Definitions. As used in this Article:

8 "Administrator" means an entity, including, but not
9 limited to, a nonprofit corporation or community-based
10 organization. "Administrator" does not include an energy
11 utility.

12 "Customers" means residents, businesses, and building
13 owners.

14 "Department" means the Department of Commerce and Economic
15 Opportunity.

16 "Electrification services" includes energy audits,
17 assistance converting to on-site renewable energy, installing
18 electric heat pumps and heat pump water heaters, electric
19 appliance replacement, assistance with paperwork, arranging
20 for financing, energy efficiency, weatherization, health and
21 safety, and any related services and work.

22 "Equity investment eligible communities" has the meaning
23 given to that term in Section 5-5 of the Energy Transition Act.

24 "Income-qualified households" means those whose annual
25 incomes are at or below 80% of area median income.

1 "Navigator Working Group" means representatives appointed
2 by the Department who represent members from either the
3 electrician trades, construction industry, community
4 organizations that work in energy burdened communities,
5 community organizations who have experience with
6 weatherization programs, members from equity investment
7 eligible communities or the Illinois Commerce Commission or
8 staff, and electric utilities and obligated parties as
9 indicated in Article XXIII.

10 (220 ILCS 5/25-104 new)

11 Sec. 25-104. Creation of State navigator program.

12 (a) The Department may establish and oversee a statewide
13 building energy upgrade navigator program. The purpose of the
14 navigator program is to provide a statewide resource to assist
15 building owners and building renters with accessing
16 electrification services and energy efficiency services and
17 programs, funding, and any other assistance that will result
18 in aiding obligated parties' compliance with the Clean Heat
19 Standard in Article XXIII. This includes, but is not limited
20 to, utility programs, the weatherization assistance program,
21 federal funding, rebates, health and safety funding, and other
22 State and local funding.

23 (b) The Department must coordinate and collaborate with
24 the navigator working group on the design, administration, and
25 implementation of the navigator program.

1 (c) The Department must ensure that all State residents
2 have equitable access to the navigator program.

3 (d) The Department may consult with other programs,
4 entities, and stakeholders as the Department determines to be
5 appropriate on the design, administration, and implementation
6 of the navigator program.

7 (e) Third-Party Administrator.

8 (1) The Department may contract out this program to
9 the Administrator. Subject to the following requirements:

10 (A) The Administrator must be selected through a
11 competitive process.

12 (B) The Administrator must have experience with
13 running statewide programs related to energy
14 efficiency, electrification services, or
15 weatherization programs.

16 (C) The Administrator must have experience working
17 with multifamily building owners and renters.

18 (D) The Administrator must have experience
19 assisting people with low incomes or energy burdened
20 households.

21 (E) The Administrator must have experience running
22 programs in both urban and rural parts of the State,
23 including covering a range of geographic and community
24 diversity.

25 (2) If the Department decides to hire an
26 Administrator, they must enter into a contract within a

1 year of the effective date of this amendatory Act of the
2 104th General Assembly.

3 (3) If the Department decides to hire an
4 Administrator, the contract expires after 4 years. After 4
5 years, the Department can renew the contract or select a
6 different Administrator. If the Administrator is not
7 meeting the requirements of the program and its
8 participants, the contract may be terminated early, and a
9 new Administrator may be hired.

10 (4) The Administrator shall have the same
11 responsibilities as the Department in creating,
12 overseeing, and implementing the programs in the navigator
13 program.

14 (f) The Department or Administrator of the navigator
15 program must:

16 (1) provide outreach and deliver energy services to:

17 (A) owner occupied and rental residences; and

18 (B) single-family and multifamily dwellings;

19 (2) provide coverage for all geographic regions in the
20 State;

21 (3) support energy efficient and emissions reductions
22 alternatives for all types of fuel used in buildings; the
23 Department or Administrator shall ensure funding is used
24 for projects that include electrification and energy
25 efficiency work, and any related health and safety,
26 renewable energy, and whole building needs; funding shall

1 not be used for the installation of new natural gas or
2 other fossil fuel equipment;

3 (4) create strategies to ensure that the navigator
4 program prioritizes services in equity investment eligible
5 communities, one of which must include dedicating at least
6 40% of the total funding for the navigator program to
7 deploy electrification services, energy efficiency
8 measures, renewable energy, health and safety upgrades,
9 and related upgrades in equity investment eligible
10 communities, through;

11 (A) weatherization services, including air sealing
12 and insulation;

13 (B) health and safety improvements;

14 (C) purchase and installation of efficient
15 electric equipment;

16 (D) energy efficiency improvements, as needed;

17 (E) health and safety improvements that aid in
18 energy conservation;

19 (F) weatherization services;

20 (G) solar, storage, and renewable energy, as
21 needed; and

22 (G) workforce development programs;

23 (5) create a strategy for how the navigator program
24 will equitably assist residents in accessing rebates and
25 incentives in the federal Inflation Reduction Act;

26 (6) create a strategy for how the navigator program

1 will assist customers in accessing State funding
2 opportunities available to access electrification
3 services;

4 (7) create a strategy to stack funding from all
5 available incentives and tax rebates together with the
6 goal of creating a 'one-stop shop' for all weatherization,
7 energy efficiency and electrification services;

8 (8) support the integrated implementation of all
9 relevant clean building programs funded in the State
10 budget, including, but not limited to:

11 (A) the Low Income Home Energy Assistance Program;

12 and

13 (B) the Illinois Home Weatherization Assistance
14 Program; and

15 (9) maintain a recommended contractor list.

16 (220 ILCS 5/25-105 new)

17 Sec. 25-105. Education materials and outreach. The
18 Department or Administrator shall:

19 (1) create educational materials, which must include
20 information about all relevant funds and financial
21 assistance available from federal, State, local, and
22 energy utility programs, including, but not limited to,
23 incentives, rebates, tax credits, grants, and loan
24 programs;

25 (2) contract with one or more community-based

1 organizations that demonstrate past success in working
2 with equity investment eligible communities in order to
3 create and distribute educational materials specifically
4 targeted at equity investment eligible communities;

5 (3) support and connect community-based organizations
6 in their region to training programs in areas of
7 electrification, energy efficiency, building envelope, and
8 installation technical assistance, and other relevant
9 areas; and

10 (4) ensure the education and outreach work is
11 coordinated with other State energy efficiency,
12 weatherization, electrification, and related programs and
13 providers.

14 (220 ILCS 5/25-106 new)

15 Sec. 25-106. Delivered services for equity investment
16 eligible communities.

17 (a) The Department or Administrator must implement the
18 navigator program for income-qualified households, which must
19 include support navigating to existing programs or directly
20 providing and filling gaps related to:

21 (1) energy audits to provide recommendations to
22 customers on a wide range of cost-effective energy and
23 health improvements;

24 (2) weatherization and energy efficiency services,
25 including, but not limited to, adding insulation, sealing

1 cracks, and making other changes that reduce heat loss,
2 save money on heating bills, and improve the health and
3 safety of buildings;

4 (3) appliance upgrades;

5 (4) electrification services, including installation
6 of air-sourced heat pumps, heat pump hot water heaters,
7 cooling, and electric panel upgrades and wiring;

8 (5) accessing qualified energy contractors; and

9 (6) securing financing.

10 (b) Nothing in this Section shall preclude the
11 implementation of measures that, in addition to producing
12 energy savings, increase electric load by adding building
13 cooling systems where none existed before.

14 Section 99. Effective date. This Act takes effect upon
15 becoming law.

1 INDEX

2 Statutes amended in order of appearance

3 20 ILCS 730/5-25

4 220 ILCS 5/1-102 from Ch. 111 2/3, par. 1-102

5 220 ILCS 5/1-103 new

6 220 ILCS 5/3-128 new

7 220 ILCS 5/8-101 from Ch. 111 2/3, par. 8-101

8 220 ILCS 5/8-104B new

9 220 ILCS 5/9-228.5 new

10 220 ILCS 5/9-229

11 220 ILCS 5/9-235 new

12 220 ILCS 5/9-241 from Ch. 111 2/3, par. 9-241

13 220 ILCS 5/9-254 new

14 220 ILCS 5/9-255 new

15 220 ILCS 5/16-111.10

16 220 ILCS 5/Art. XXIII

17 heading new

18 220 ILCS 5/23-101 new

19 220 ILCS 5/23-102 new

20 220 ILCS 5/23-103 new

21 220 ILCS 5/23-104 new

22 220 ILCS 5/23-105 new

23 220 ILCS 5/23-106 new

24 220 ILCS 5/23-107 new

25 220 ILCS 5/23-108 new

1 220 ILCS 5/23-109 new
2 220 ILCS 5/23-111 new
3 220 ILCS 5/23-112 new
4 220 ILCS 5/23-301 new
5 220 ILCS 5/Art. XXIV
6 heading new
7 220 ILCS 5/24-101 new
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21 220 ILCS 5/25-101 new
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26 220 ILCS 5/25-106 new