



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB2258

Introduced 2/7/2025, by Sen. Robert Peters

SYNOPSIS AS INTRODUCED:

220 ILCS 5/3-101 from Ch. 111 2/3, par. 3-101
220 ILCS 5/3-128 new
220 ILCS 5/3-129 new
220 ILCS 5/8-513 new

Provides that the amendatory Act may be referred to as the Thermal Energy Network and Jobs Acts. Sets forth a statement of legislative findings and intent. Amends the Public Utilities Act. Defines "thermal energy" and "thermal energy network". Requires the Illinois Commerce Commission to initiate a proceeding within 6 months after the effective date of the amendatory Act to support the development of pilot thermal energy networks. Provides that within 10 months after the effective date of the amendatory Act, every gas public utility, electric public utility, or combination public utility serving over 100,000 customers shall file with the Commission a petition seeking Commission-approval of at least one and no more than 3 proposed pilot thermal energy network projects. Requires every gas public utility, electric public utility, or combination public utility constructing or operating a Commission-approved pilot thermal energy network project to report to the Commission, on a quarterly basis and until completion of the pilot thermal energy network project, the status of each pilot thermal energy network project. Requires every gas public utility, electric public utility, or combination public utility constructing or operating a Commission-approved pilot thermal energy network project to demonstrate that it has entered into a labor peace agreement with a bona fide labor organization that is actively engaged in representing its employees. Requires the Commission to adopt specified rules within 4 years after the completion of the construction of all thermal energy network projects. Provides that a gas public utility, electric public utility, or combination public utility required to develop a pilot thermal energy network project shall be permitted to recover all reasonable and prudently incurred costs associated with the development, construction, and operation of one or more pilot thermal energy network projects through general rates or through rates set in a Multi-Year Rate Plan. Makes other changes. Effective immediately.

LRB104 12071 AAS 22168 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 1. Short title. This Act may be referred to as the
5 Thermal Energy Network and Jobs Act.

6 Section 5. Legislative findings and intent.

7 (a) The General Assembly finds and declares that:

8 (1) This State has a strong interest in ensuring that
9 emissions of greenhouse gases from buildings are reduced
10 because buildings are one of this State's largest sources
11 of greenhouse gases due to the combustion of fossil fuels
12 for heating, domestic hot water production, cooking, and
13 other end uses.

14 (2) The decarbonization of buildings must be pursued
15 in a manner that is affordable and accessible, preserves
16 and creates living-wage jobs, and retains the knowledge
17 and experience of the existing utility union workforce.

18 (3) Thermal energy networks have the potential to
19 decarbonize buildings at the community and utility scale
20 and help achieve the goals of Public Act 102-662 (also
21 known as the Climate and Equitable Jobs Act).

22 (4) Thermal energy networks consist of pipe loops
23 between multiple buildings and energy sources, which carry

1 water and can be connected to by building owners to
2 support heating and cooling and hot water services.
3 Building owners can connect to the loops to support water
4 heating and cooling and hot water services.

5 (5) Many utilities in this State have been seeking to
6 develop thermal energy networks but have encountered legal
7 and regulatory barriers.

8 (6) This State has a strong interest in ensuring an
9 adequate supply of reliable electrical power and,
10 therefore, needs to promote the development of alternative
11 power sources and take steps to assure reliable
12 deliverability. Thermal energy networks are highly
13 efficient because they use and exchange thermal energy
14 from many underground sources and buildings, including
15 recycled thermal energy, which minimizes impacts on the
16 electricity grid.

17 (7) Access to thermal energy networks has the
18 potential to reduce the upfront and operating costs of
19 building electrification for customers.

20 (8) Thermal loop technology provides benefits to
21 participants and non-participants alike including societal
22 benefits to the environment and the market benefits
23 associated with the reduction of both the volume and peak
24 demand of electricity and natural gas.

25 (9) A utility's access to capital, the utility's
26 experience with networked infrastructure in public

1 rights-of-way, and the requirement that the utility serve
2 all customers positions the utility well to develop and
3 scale thermal energy networks that are accessible to all
4 customers and to coordinate the development of thermal
5 energy networks with any orderly rightsizing of the
6 utility gas system.

7 (10) This State also has an interest in the efficient
8 and reliable delivery of energy and the energy
9 infrastructure of the State, which interest is
10 acknowledged throughout the Public Utilities Act. Utility
11 corporations and other power suppliers share these
12 interests and, moreover, have a duty to protect
13 proprietary interests in the projects they fund. Such
14 investments of ratepayer resources can be protected by
15 establishing effective contractor qualification and
16 performance standards, including requirements for
17 prevailing wage rates, bona fide apprenticeship criteria,
18 and project labor agreements.

19 (11) The construction industry is highly skilled and
20 labor intensive, and the installation of modern thermal
21 energy networks involves particularly complex work.
22 Therefore, effective qualification standards for craft
23 labor personnel employed on these projects are critically
24 needed to promote successful project delivery.

25 (12) Finally, these findings are especially vital now
26 because the construction industry is experiencing

1 widespread skill shortages across the country, which are
2 crippling existing capital projects and threatening
3 projects planned for the future. The construction of
4 thermal energy networks will utilize many of the same
5 skills that the current utility and building trades
6 workforces already possess.

7 (b) It is the intent of the General Assembly that passage
8 of this Act is for the following purposes:

9 (1) to remove the legal barriers to utility
10 development of thermal energy networks and require the
11 Illinois Commerce Commission, within 90 days after the
12 effective date of this amendatory Act of the 104th General
13 Assembly, to begin to authorize and direct utilities to
14 immediately commence piloting thermal energy networks in
15 each and every utility territory;

16 (2) to direct and authorize the Illinois Commerce
17 Commission to develop a regulatory structure for utility
18 thermal energy networks that scales affordable and
19 accessible building electrification, protects customers,
20 and balances the role of incumbent monopoly utilities with
21 other market and public actors;

22 (3) to promote the successful planning and delivery of
23 thermal energy networks and protect critical investments
24 in such projects by requiring the use of appropriate
25 quality craft labor policies that ensure the development
26 of and access to an adequate supply of well trained,

1 highly skilled craft persons needed to support timely,
2 reliable, high-quality projects;

3 (4) to promote strong economic development and good
4 jobs for local residents in the expanding decarbonized
5 sector by requiring application of progressive State labor
6 and employment policies that ensure public utility
7 investments and related State subsidies create
8 unparalleled skill training and employment opportunities
9 for residents in project areas through the use of local
10 prevailing wage standards and successful, bona fide
11 apprenticeship programs or project labor agreements that
12 incorporate prevailing wage and training standards and
13 provide additional benefits for project owners and
14 workers; and

15 (5) to promote the use of preapprenticeship programs
16 that will fortify and expand existing apprenticeship
17 programs through systematic outreach efforts to recruit
18 and assist persons from underrepresented and low income
19 communities by providing such persons with remedial
20 education, social services, and unique opportunities for
21 direct access into high-quality apprenticeship programs
22 and gainful employment in the growing building
23 decarbonization workforce.

24 Section 10. The Public Utilities Act is amended by
25 changing Section 3-101 and by adding Sections 3-128, 3-129,

1 and 8-513 as follows:

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

3 Sec. 3-101. Definitions. Unless otherwise specified, the
4 terms set forth in Sections 3-102 through 3-128 ~~3-126~~ are used
5 in this Act as therein defined.

6 (Source: P.A. 97-96, eff. 7-13-11; 97-239, eff. 8-2-11;
7 97-813, eff. 7-13-12.)

8 (220 ILCS 5/3-128 new)

9 Sec. 3-128. Thermal energy. "Thermal energy" means piped
10 noncombustible fluids used for transferring heat into and out
11 of buildings for the purpose of reducing any resultant onsite
12 greenhouse gas emissions of all types of heating and cooling
13 processes, including, but not limited to, comfort heating and
14 cooling, domestic hot water, and refrigeration.

15 (220 ILCS 5/3-129 new)

16 Sec. 3-129. Thermal energy network. "Thermal energy
17 network" means all real estate, fixtures, and personal
18 property operated, owned, used, or to be used for, in
19 connection with, or to facilitate a utility-scale distribution
20 infrastructure project that supplies thermal energy.

21 (220 ILCS 5/8-513 new)

22 Sec. 8-513. Pilot thermal energy network development.

1 (a) The Illinois Commerce Commission shall initiate a
2 proceeding within 6 months after the effective date of this
3 amendatory Act of the 104th General Assembly to support the
4 development of pilot thermal energy networks. The Commission
5 shall consider matters in the proceeding, including, but not
6 limited to, the appropriate ownership, market, and rate
7 structures for pilot thermal energy networks and whether the
8 provision of thermal energy services by thermal network energy
9 providers is in the public interest.

10 (b) Within 10 months after the effective date of this
11 amendatory Act of the 104th General Assembly, every gas public
12 utility, electric public utility, or combination public
13 utility serving over 100,000 customers shall file with the
14 Commission a petition seeking Commission approval of at least
15 one and no more than 3 proposed pilot thermal energy network
16 projects. Designs for the projects should coordinate and
17 maximize the value of existing State energy efficiency and
18 weatherization programs and take advantage of federal funding
19 opportunities to the extent practicable. No later than 18
20 months after the effective date of this amendatory Act of the
21 104th General Assembly, the Commission shall enter an order
22 approving, approving with modification, or rejecting each
23 proposed pilot thermal energy network project and shall direct
24 the public utility to implement the pilot thermal energy
25 network projects as approved or approved as modified. In
26 considering whether to approve or approve as modified each

1 pilot thermal energy network project, the Commission shall
2 consider whether the pilot thermal energy network project is
3 in the public interest, whether the pilot thermal energy
4 network project will develop information useful for the
5 Commission in adopting rules governing thermal energy
6 networks, whether the pilot thermal energy network project
7 furtheres climate justice and emissions reduction, whether the
8 pilot thermal energy network project advances financial and
9 technical approaches to equitable and affordable building
10 electrification, and whether the pilot thermal energy network
11 project creates benefits to customers and society at large,
12 including, but not limited to, public health benefits in areas
13 with disproportionate environmental or public health burdens,
14 job retention and creation, reliability, and increased
15 affordability of renewable thermal energy options. After the
16 filing of a petition, a utility may request the Commission to
17 grant additional time for pilot development approval, which
18 shall be approved for at least 6 months upon request or up to
19 12 months upon a showing that additional time would benefit
20 pilot development.

21 (c) If a utility proposes 3 pilot thermal energy network
22 projects, at least one project shall be proposed in
23 economically disadvantaged communities as defined in Section
24 5-35 of the Energy Transition Act and at least one shall be
25 focused on existing electric heat customers. Each public
26 utility shall coordinate with other public utilities and

1 consultants with expertise on successful pilot projects to
2 ensure that the pilot projects are diverse and designed to
3 inform the Commission's decisions in the proceeding on the
4 various ownership, market, and rate structures for thermal
5 energy networks. The pilot project proposals shall be made
6 publicly available on the Commission's website. Utilities are
7 encouraged to develop plans that enable and facilitate access
8 to thermal loop technology benefits, including access by low
9 and moderate income households. As part of any pilot project
10 proposed pursuant to this Section, a public utility subject to
11 this Section may propose to include customer rebates and
12 incentives, and associated tariffs and proposed regulatory
13 treatment, in a manner similar to what is included in
14 Commission-approved electric energy efficiency plans pursuant
15 to Section 8-103B of this Act.

16 Each public utility shall hold at least one prefiling
17 public meeting to receive public comment concerning the
18 proposed thermal energy network in the municipality where the
19 thermal energy network is to be located. Notice of the public
20 meeting shall be published in a newspaper of general
21 circulation for 3 consecutive weeks, beginning no earlier than
22 one month prior to the first public meeting. Notice of the
23 public meeting, including a description of the thermal energy
24 network, must be provided in writing to the clerk of the county
25 where the project is to be located and to the chief clerk of
26 the Commission. A representative of the Commission shall be

1 invited to each prefiling public meeting.

2 (d) Any gas public utility, electric public utility, or
3 combination public utility constructing or operating a
4 Commission-approved pilot thermal energy network project shall
5 report to the Commission, on a quarterly basis and until
6 completion of the pilot thermal energy network project, as
7 determined by the Commission, the status of each pilot thermal
8 energy network project. The Commission shall post and make
9 publicly available the reports on its website. The report
10 shall include, but not be limited to:

11 (1) the stage of development of each pilot project;

12 (2) the barriers to development;

13 (3) the number of customers served;

14 (4) the costs of the pilot project;

15 (5) the number of jobs retained or created by the
16 pilot project; and

17 (6) other information the Commission deems to be in
18 the public interest or considers likely to prove useful or
19 relevant to the rulemaking described in subsection (h).

20 (e) Any gas public utility, electric public utility, or
21 combination public utility constructing or operating a
22 Commission-approved pilot thermal energy network project shall
23 demonstrate that it has entered into a labor peace agreement
24 with a bona fide labor organization that is actively engaged
25 in representing its employees. The labor peace agreement shall
26 apply to the employees necessary for the ongoing maintenance

1 and operation of the thermal energy network. The labor peace
2 agreement shall be an ongoing material condition of
3 authorization to maintain and operate the thermal energy
4 networks.

5 (f) Any contractor or subcontractor that performs work on
6 a pilot thermal energy network under this Section shall be a
7 responsible bidder as described in Section 30-22 of the
8 Illinois Procurement Code and shall certify that not less than
9 prevailing wage, as determined under the Prevailing Wage Act,
10 was or will be paid to employees who are engaged in
11 construction activities associated with the pilot thermal
12 energy network project. The contractor or subcontractor shall
13 submit evidence to the Commission that it complied with the
14 requirements of this subsection.

15 (g) For any pending application for a thermal energy
16 network, the contractor or subcontractor shall submit evidence
17 that the contractor or subcontractor has entered into a fully
18 executed project labor agreement with the applicable local
19 building trades council. The Commission shall not approve any
20 pending applications until the contractor or subcontractor has
21 submitted the information required under this subsection.

22 (h) Within 4 years after the completion of the
23 construction of all thermal energy network projects under this
24 Section, the Commission shall adopt rules to, at a minimum:

25 (1) create fair market access rules for thermal energy
26 networks to accept thermal energy and that do not increase

1 greenhouse gas emissions or copollutants;

2 (2) to the extent it is in the public interest to do
3 so, exempt small-scale thermal energy networks from active
4 regulation by the Commission;

5 (3) promote the training and transition of utility
6 workers impacted by this amendatory Act of the 104th
7 General Assembly; and

8 (4) encourage third-party participation and
9 competition where it will maximize benefits to customers.

10 (i) A gas public utility, electric public utility, or
11 combination public utility required to develop any pilot
12 thermal energy network project under this Section shall be
13 permitted to recover all reasonable and prudently incurred
14 costs associated with the development, construction, and
15 operation of one or more pilot thermal energy network projects
16 through general rates set pursuant to Section 9-201 or through
17 rates set in a Multi-Year Rate Plan pursuant to Section
18 16-108.18. The Commission shall have broad discretion in
19 approving proposed pilot projects that are consistent with the
20 public interest consistent with this Section and in approving
21 all tariffs and issue other regulatory approvals as necessary
22 to permit a pilot program that facilitates a full review of
23 technologies, and associated policies, with respect to thermal
24 network technology in this State.

25 Section 99. Effective date. This Act takes effect upon
26 becoming law.