



Sen. Robert Peters

Filed: 4/8/2025

10400SB2258sam002

LRB104 12071 AAS 25132 a

1 AMENDMENT TO SENATE BILL 2258

2 AMENDMENT NO. _____. Amend Senate Bill 2258, AS AMENDED,
3 by replacing everything after the enacting clause with the
4 following:

5 "Section 1. Short title. This Act may be referred to as the
6 Thermal Energy Network and Jobs Act.

7 Section 5. Legislative findings and intent.

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

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

15 (2) The decarbonization of buildings must be pursued
16 in a manner that is affordable and accessible, preserves

1 and creates living-wage jobs, and retains the knowledge
2 and experience of the existing utility union workforce.

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

7 (4) Thermal energy networks consist of pipe loops
8 between multiple buildings and energy sources, which carry
9 water and can be connected to by building owners to
10 support heating and cooling and hot water services.
11 Building owners can connect to the loops to support water
12 heating and cooling and hot water services.

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

16 (6) This State has a strong interest in ensuring an
17 adequate supply of reliable electrical power and,
18 therefore, needs to promote the development of alternative
19 power sources and take steps to assure reliable
20 deliverability. Thermal energy networks are highly
21 efficient because they use and exchange thermal energy
22 from many underground sources and buildings, including
23 recycled thermal energy, which minimizes impacts on the
24 electricity grid.

25 (7) Access to thermal energy networks has the
26 potential to reduce the upfront and operating costs of

1 building electrification for customers.

2 (8) Thermal loop technology provides benefits to
3 participants and non-participants alike, including
4 societal benefits to the environment and the market
5 benefits associated with the reduction of both the volume
6 and peak demand of electricity and natural gas.

7 (9) A utility's access to capital, the utility's
8 experience with networked infrastructure in public
9 rights-of-way, and the requirement that the utility serve
10 all customers positions the utility well to develop and
11 scale thermal energy networks that are accessible to all
12 customers and to coordinate the development of thermal
13 energy networks with any orderly rightsizing of the
14 utility gas system.

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

1 (11) The construction industry is highly skilled and
2 labor intensive, and the installation of modern thermal
3 energy networks involves particularly complex work.
4 Therefore, effective qualification standards for craft
5 labor personnel employed on these projects are critically
6 needed to promote successful project delivery.

7 (12) Finally, these findings are especially vital now
8 because the construction industry is experiencing
9 widespread skill shortages across the country, which are
10 crippling existing capital projects and threatening
11 projects planned for the future. The construction of
12 thermal energy networks will utilize many of the same
13 skills that the current utility and building trades
14 workforces already possess.

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

17 (1) to remove the legal barriers to utility
18 development of thermal energy networks and require the
19 Illinois Commerce Commission, within 90 days after the
20 effective date of this amendatory Act of the 104th General
21 Assembly, to begin to authorize and direct utilities to
22 immediately commence piloting thermal energy networks in
23 each and every utility territory;

24 (2) to direct and authorize the Illinois Commerce
25 Commission to develop a regulatory structure for utility
26 thermal energy networks that scales affordable and

1 accessible building electrification, protects customers,
2 and balances the role of incumbent monopoly utilities with
3 other market and public actors;

4 (3) to promote the successful planning and delivery of
5 thermal energy networks and protect critical investments
6 in such projects by requiring the use of appropriate
7 quality craft labor policies that ensure the development
8 of and access to an adequate supply of well trained,
9 highly skilled craft persons needed to support timely,
10 reliable, high-quality projects;

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

23 (5) to promote the use of preapprenticeship programs
24 that will fortify and expand existing apprenticeship
25 programs through systematic outreach efforts to recruit
26 and assist persons from underrepresented and low income

1 communities by providing such persons with remedial
2 education, social services, and unique opportunities for
3 direct access into high-quality apprenticeship programs
4 and gainful employment in the growing building
5 decarbonization workforce.

6 Section 10. The Public Utilities Act is amended by
7 changing Section 3-101 and by adding Sections 3-128, 3-129,
8 3-130, 3-131, and 8-513 as follows:

9 (220 ILCS 5/3-101) (from Ch. 111 2/3, par. 3-101)

10 Sec. 3-101. Definitions. Unless otherwise specified, the
11 terms set forth in Sections 3-102 through 3-131 ~~3-126~~ are used
12 in this Act as therein defined.

13 (Source: P.A. 97-96, eff. 7-13-11; 97-239, eff. 8-2-11;
14 97-813, eff. 7-13-12.)

15 (220 ILCS 5/3-128 new)

16 Sec. 3-128. Thermal energy. "Thermal energy" means piped
17 noncombustible fluids used for transferring heat into and out
18 of buildings for the purpose of reducing any resultant onsite
19 greenhouse gas emissions of all types of heating and cooling
20 processes, including, but not limited to, comfort heating and
21 cooling, domestic hot water, and refrigeration.

22 (220 ILCS 5/3-129 new)

1 Sec. 3-129. Thermal energy network. "Thermal energy
2 network" means all real estate, fixtures, and personal
3 property operated, owned, used, or to be used for, in
4 connection with, or to facilitate a utility-scale distribution
5 infrastructure project that supplies non-combusting thermal
6 energy. "Thermal energy network" includes real estate,
7 fixtures, and personal property that is operated, owned, or
8 used by multiple parties.

9 (220 ILCS 5/3-130 new)

10 Sec. 3-130. Front-of-meter work. "Front-of-meter work"
11 means a thermal energy network project that impacts the
12 utility side of a meter.

13 (220 ILCS 5/3-131 new)

14 Sec. 3-131. Behind-the-meter work. "Behind-the-meter work"
15 means a thermal energy network project that involves a
16 physical, operational, or behavioral modification to the
17 customer side of a utility meter, including the replacement of
18 appliances, retrofits, and panel upgrades.

19 (220 ILCS 5/8-513 new)

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

21 (a) Within 10 months after the effective date of this
22 amendatory Act of the 104th General Assembly, every gas public
23 utility or combination public utility serving over 100,000

1 customers shall file with the Commission a petition seeking
2 Commission approval of a proposed pilot thermal energy network
3 project. A gas public utility or combination public utility
4 may seek Commission approval of one additional proposed pilot
5 thermal energy network project each year for 2 years after the
6 effective date of this amendatory Act of the 104th General
7 Assembly. Designs for the projects should coordinate and
8 maximize the value of existing State energy efficiency and
9 weatherization programs and take advantage of federal funding
10 opportunities to the extent practicable. No later than 18
11 months after the effective date of this amendatory Act of the
12 104th General Assembly, the Commission shall enter an order
13 approving, approving with modification, or rejecting each
14 proposed pilot thermal energy network project and shall direct
15 the public utility to implement the pilot thermal energy
16 network projects as approved or approved as modified. In
17 considering whether to approve or approve as modified each
18 pilot thermal energy network project, the Commission shall
19 consider whether the pilot thermal energy network project is
20 in the public interest, whether the pilot thermal energy
21 network project will develop information useful for the
22 Commission in adopting rules governing thermal energy
23 networks, whether the pilot thermal energy network project
24 furtheres climate justice and emissions reduction, whether the
25 pilot thermal energy network project advances financial and
26 technical approaches to equitable and affordable building

1 electrification, and whether the pilot thermal energy network
2 project creates benefits to customers and society at large,
3 including, but not limited to, public health benefits in areas
4 with disproportionate environmental or public health burdens,
5 job retention and creation, reliability, and increased
6 affordability of renewable thermal energy options. After the
7 filing of a petition, a utility may request the Commission to
8 grant additional time for pilot development approval, which
9 shall be approved for at least 6 months upon request or up to
10 12 months upon a showing that additional time would benefit
11 pilot development. An electric public utility may also propose
12 a pilot thermal energy network project in accordance with this
13 subsection (a).

14 (b) If a utility proposes 3 pilot thermal energy network
15 projects, at least one project shall be proposed in
16 economically disadvantaged communities as defined in Section
17 5-35 of the Energy Transition Act and at least one shall
18 include an industrial heat application that may additionally
19 include residential and commercial applications. Priority
20 shall be given to pilot proposals that replace leak-prone
21 natural gas distribution infrastructure with distribution
22 infrastructure that supplies non-combusting thermal energy or
23 that replaces thermal energy for buildings currently heated
24 with electric resistance heat. Each public utility shall
25 coordinate with other public utilities and consultants with
26 expertise on successful pilot projects to ensure that the

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

15 (b-5) Each public utility proposing a pilot thermal energy
16 network project shall hold at least one prefiling public
17 meeting to receive public comment concerning the proposed
18 thermal energy network in the municipality where the thermal
19 energy network is to be located. Notice of the public meeting
20 shall be published in a newspaper of general circulation for 3
21 consecutive weeks, beginning no earlier than one month prior
22 to the first public meeting. Notice of the public meeting,
23 including a description of the thermal energy network, must be
24 provided in writing to the clerk of the county where the
25 project is to be located and to the chief clerk of the
26 Commission. A representative of the Commission shall be

1 invited to each prefiling public meeting.

2 (c) 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 (c-5) The Commission shall require projects submitted to
21 the utility-scale renewable thermal energy network program for
22 approval to include a proposed rate structure for thermal
23 energy services supplied to network end users and consumer
24 protection plans for end users. The Commission may approve the
25 proposed rate structure if the projected heating and cooling
26 costs for end users is not greater than the heating and cooling

1 costs the end users would have incurred if the end users had
2 not participated in the program.

3 (d) Any gas public utility, electric public utility, or
4 combination public utility constructing or operating a
5 Commission-approved pilot thermal energy network project shall
6 demonstrate that it has entered into a labor peace agreement
7 with a bona fide labor organization that is actively engaged
8 in representing its employees. The labor peace agreement shall
9 apply to the employees necessary for the ongoing maintenance
10 and operation of the thermal energy network. The labor peace
11 agreement shall be an ongoing material condition of
12 authorization to maintain and operate the thermal energy
13 networks.

14 (e) Any contractor or subcontractor that performs work on
15 a pilot thermal energy network under this Section shall be a
16 responsible bidder as described in Section 30-22 of the
17 Illinois Procurement Code and shall certify that not less than
18 prevailing wage, as determined under the Prevailing Wage Act,
19 was or will be paid to employees who are engaged in
20 construction activities associated with the pilot thermal
21 energy network project. The contractor or subcontractor shall
22 submit evidence to the Commission that it complied with the
23 requirements of this subsection.

24 (f) For any pending application for a thermal energy
25 network, the contractor or subcontractor shall submit evidence
26 that the contractor or subcontractor has entered into a fully

1 executed project labor agreement with the applicable local
2 building trades council for the front-of-meter and
3 behind-the-meter work required for the thermal energy network.
4 The Commission shall not approve any pending applications
5 until the contractor or subcontractor has submitted the
6 information required under this subsection.

7 (g) Within 4 years after the effective date of this
8 amendatory Act of the 104th General Assembly, the Commission
9 shall adopt rules to, at a minimum:

10 (1) create fair market access rules for thermal energy
11 networks to accept thermal energy and that do not increase
12 greenhouse gas emissions or copollutants;

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

16 (3) promote the training and transition of utility
17 workers impacted by this amendatory Act of the 104th
18 General Assembly; and

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

21 (h) A gas public utility or combination public utility
22 required to develop any pilot thermal energy network project
23 under this Section shall be permitted to recover all
24 reasonable and prudently incurred costs associated with the
25 development, construction, and operation of one or more pilot
26 thermal energy network projects through general rates set

1 pursuant to Section 9-201 or through rates set in a Multi-Year
2 Rate Plan pursuant to Section 16-108.18. A gas public utility,
3 electric public utility, or combination public utility
4 developing a thermal energy network project that includes an
5 industrial heat application may recover rates proportionally
6 from each class of customer. The Commission shall have broad
7 discretion in approving proposed pilot projects that are
8 consistent with the public interest consistent with this
9 Section and in approving all tariffs and issuing other
10 regulatory approvals as necessary to permit a pilot program
11 that facilitates a full review of technologies, and associated
12 policies, with respect to thermal network technology in this
13 State. An electric utility or a utility that offers both gas
14 and electric service that is required to submit an integrated
15 grid plan shall include any proposed pilot programs under this
16 Section as part of the proposed grid plan pursuant to Section
17 16-105.17 and shall inform stakeholders of the proposed pilot
18 programs during the stakeholder process that precedes the
19 filing of the grid plan. Any obligation imposed by this
20 Section on a utility shall be suspended pending a review of the
21 proposed grid planning process. If the Commission (i)
22 determines that the investments required to comply with this
23 Section impair customer affordability or (ii) does not approve
24 the proposed pilot programs, the requirements of this
25 subsection (i) shall be suspended until the Commission
26 approves recovery under a proposed pilot program in a future

1 integrated grid plan or Multi-Year Rate Plan.

2 (i) The total cost of implementation and administration of
3 thermal energy network projects shall not exceed \$25,000,000
4 in a given year. If projects exceed the cost limitation under
5 this subsection (i), the Commission shall immediately suspend
6 new applications and prioritize the continuation of existing
7 participants' benefits under this Section as funds permit.

8 Section 97. Severability. If any provision of this Act or
9 its application to any gas public utility, electric public
10 utility, or combination public utility constructing or
11 operating a Commission-approved pilot thermal energy network
12 project is determined to be invalid or otherwise
13 unenforceable, such determination shall not affect the
14 validity or enforceability of any other provision of this Act,
15 which shall continue in full force and effect.

16 Section 99. Effective date. This Act takes effect upon
17 becoming law."