



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB2489

Introduced 2/7/2025, by Sen. Bill Cunningham

SYNOPSIS AS INTRODUCED:

220 ILCS 5/16-107.8 new

Amends the Public Utilities Act. Creates the virtual power plant program. Defines terms. Provides that, within 60 days after the effective date of the amendatory provisions, each electric utility serving more than 300,000 customers as of January 1, 2025 shall propose one or more tariffs applicable to demand response technologies. Sets forth requirements for the content of the tariffs. Provides that the Illinois Commerce Commission shall approve or approve with modifications the tariffs filed by each utility within 240 days of filing. Provides that, not more than 6 months after 2 full delivery years of operation of the tariffs, the Commission shall issue a report to the General Assembly assessing the value and efficacy of the demand response virtual power plant program, including proposals for expansions or modifications. Provides that the Commission shall implement the amendatory provisions in a complementary manner with other virtual power plant programs under the Commission's jurisdiction in order to make the programs available to utility customers compatible for the benefit of the electric grid and to enhance electric service reliability. Makes other changes.

LRB104 08079 AAS 18125 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 Public Utilities Act is amended by adding
5 Section 16-107.8 as follows:

6 (220 ILCS 5/16-107.8 new)

7 Sec. 16-107.8. Demand response virtual power plant
8 program.

9 (a) As used in this Section:

10 "Aggregator" means a party, other than the electric
11 utility or its affiliate, that (i) represents and aggregates
12 the load of participating customers who collectively have the
13 ability to curtail 100 kilowatts or more through demand
14 response technologies and (ii) is responsible for performance
15 of the aggregation in the virtual power plant program.

16 "Demand response technologies" means applications or
17 solutions, not including electricity generators, that can be
18 controlled to respond to pricing or provide services,
19 including decreasing peak electricity demand or shifting
20 demand from peak to off-peak periods. "Demand response
21 technologies" may include, but are not limited to, connected
22 devices such as behind-the-meter energy storage systems, smart
23 thermostats, air conditioning units, electric vehicle

1 batteries, and electric vehicle supply equipment.

2 "Distributed energy resources management system" or
3 "DERMS" means a platform that may be used by distribution
4 system operators or utilities to integrate grid resources,
5 such as distributed energy resources, into system operations.

6 "Energy storage system" has the meaning set forth in
7 subsection (a) of Section 16-107.6.

8 "Event" means a time period defined consistent with the
9 requirements of this Section by the applicable electric
10 utility where deployment of demand response technologies is
11 measured and compensated under this Section.

12 "Export" means the discharge of energy from an energy
13 storage system to the distribution grid in response to pricing
14 or to provide services, including decreasing peak electricity
15 demand or shifting demand from peak to off-peak periods.

16 "Participating customer" means a retail customer, as
17 defined in Section 16-102, with one or more demand response
18 technologies.

19 (b) The General Assembly finds that when demand response
20 technologies commit to deployment at times of stress on the
21 grid and in wholesale energy markets, the actual deployment
22 benefits all customers of the utility with enhanced grid
23 reliability and protection from retail and wholesale price
24 increases and that those socialized goods should be encouraged
25 and compensated.

26 (c) Within 60 days after the effective date of this

1 amendatory Act of the 104th General Assembly, each electric
2 utility serving more than 300,000 customers as of January 1,
3 2025 shall propose one or more tariffs applicable to demand
4 response technologies. The tariffs shall be consistent with
5 the following:

6 (1) Each request by the utility for an aggregator or
7 participating customer to deploy demand response
8 technologies participating in the program as identified in
9 advance by the aggregator or participating customer shall
10 be an event. Each utility shall rely on the demand
11 response technologies addressed within a tariff for a
12 minimum number of events specified in the tariff.

13 (2) In exchange for an aggregator, or a participating
14 customer not using an aggregator facilitating curtailment
15 through demand response technologies, the utility shall,
16 after demonstrated performance by the aggregator or
17 participating customer, compensate the aggregator or
18 participating customer in a manner to be determined by the
19 Commission. The Commission may consider separate
20 compensation for response to events called on less than 24
21 hours notice and compensation for response to events
22 called on 24 hours or more notice. In determining the
23 value of the performance payment, the Commission shall at
24 minimum consider the benefits to the utility and
25 ratepayers of peak remediation, reduced capacity and
26 transmission allocations to the applicable regional

1 transmission organization zone, and a reasonable
2 estimation of the value of reduced transmission and
3 distribution investment and other grid services. The value
4 shall be set to encourage robust participation. At least
5 30 days prior to proposing any tariff relating to demand
6 response technologies, utilities shall jointly conduct at
7 least one meeting with interested potential aggregators
8 and participating customers to identify types of demand
9 response technologies and compensation suitable for
10 inclusion in the tariff.

11 (3) An aggregator or participating customer applying
12 individually shall represent that it has identified for
13 participation demand response technologies with an
14 aggregate curtailment capacity of at least 100 kilowatts
15 or any amount greater than that amount. Nothing in the
16 tariffs shall require a particular participating customer,
17 whether using an aggregator or not, to deploy at any
18 particular time.

19 (4) The utility shall not send or receive signals
20 directly to or from any participating customer represented
21 by an aggregator for an event under the demand response
22 virtual power plant program.

23 (5) The aggregator may have capabilities to receive
24 dispatch signals from utilities or utility-contracted
25 DERMS providers through communication protocols, such as
26 IEEE 2030.5 or OpenADR, or through such other protocol as

1 the Commission may approve. To facilitate adoption and
2 participation, the utility shall also allow and enable
3 participating customers to expeditiously share customer
4 information with aggregators and provide dispatch signals
5 in the form of an email or mutually agreeable
6 implementation.

7 (6) A participating customer with multiple demand
8 response technologies may enroll the technologies either
9 directly without an aggregator or through one or more
10 aggregators in applicable programs under the tariffs
11 approved under this Section, so long as no particular
12 technology is accounted for more than once. An aggregator,
13 or a participating customer not using an aggregator, may
14 collect and rely on data created by the demand response
15 technologies for the purpose of demonstrating performance
16 in response to an event.

17 (7) A participating customer may enroll in the demand
18 response virtual power plant program directly if eligible
19 or through an aggregator for one or more years and the
20 electric utility shall not set a minimum or maximum length
21 of participation for demand response technologies. The
22 utility shall not limit the number of participating
23 customers, nor shall any customer be prohibited from
24 participating due to its rate class.

25 (8) The electric utility may include reasonable
26 requirements for participation consistent with this

1 subsection (c) except that the utility may not require
2 collateral from a participating customer or an aggregator
3 and neither the utility nor entities with which the
4 utility shares a common parent may be an aggregator. The
5 electric utility shall not penalize a participating
6 customer or aggregator for a participating customer
7 exporting during an event and the electric utility shall
8 not require preapproval for customer export during an
9 event.

10 (9) The utility shall recover the costs of the demand
11 response virtual power plant program through delivery
12 rates, including delivery rates authorized by the
13 multi-year rate plan.

14 (d) The Commission shall approve or approve with
15 modifications the tariffs filed by each utility pursuant to
16 subsection (c) within 240 days of filing. At any time, the
17 utility may propose revisions to the tariff required under
18 this Section and the Commission may approve such revisions if,
19 in addition to requirements under Article IX of this Act, such
20 revisions are consistent with the requirements of this
21 Section.

22 (e) Not more than 6 months after 2 full delivery years of
23 operation of the tariffs authorized under this Section, the
24 Commission shall issue a report to the General Assembly
25 assessing the value and efficacy of the demand response
26 virtual power plant program, including proposals for

1 expansions or modifications.

2 (f) Nothing in the demand response virtual power plant
3 program shall either prevent the participating customer from
4 participating, directly or through a third-party aggregator,
5 in any other program, including any program required or
6 authorized by Section 16-107.6 of this Act.

7 (g) The Commission may consider approving additional
8 compensation to aggregators to the extent that the
9 aggregators' participating customers or participating
10 customers are located in equity investment eligible
11 communities, as defined in Section 1-10 of the Illinois Power
12 Agency Act.

13 (h) The tariffs approved by the Commission shall not
14 reflect any additional charges, fees, or insurance
15 requirements imposed on persons owning or operating demand
16 response technologies beyond those imposed on similarly
17 situated customers that do not own or operate such.

18 (i) If a utility issuing tariffs under this Section
19 conducts measurement and verification prescribed by the
20 Commission, notwithstanding anything to the contrary, all
21 curtailment associated with demand response technologies
22 taking service under such tariffs shall be counted towards
23 such utility's peak load reduction performance metric
24 authorized by item (ii) of subparagraph (A) of paragraph (2)
25 of subsection (e) of Section 16-108.18 of this Act and such
26 utility's demand response obligations under Section 8-103B of

1 this Act. The Commission shall not require demand response
2 technologies to participate in any capacity or demand response
3 markets or programs as a condition of the load attributable to
4 participating systems to count toward the utility's peak load
5 reduction performance metric or demand response obligations.

6 (j) The Commission shall implement this Section in a
7 complementary manner with other virtual power plant programs
8 under the Commission's jurisdiction in order to make the
9 programs available to utility customers compatible for the
10 benefit of the electric grid and to enhance electric service
11 reliability.