



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

HB2875

Introduced 2/16/2023, by Rep. Ann M. Williams

SYNOPSIS AS INTRODUCED:

20 ILCS 3855/1-83 new	
220 ILCS 5/3-101	from Ch. 111 2/3, par. 3-101
220 ILCS 5/3-105	from Ch. 111 2/3, par. 3-105
220 ILCS 5/3-127 new	
220 ILCS 5/3-128 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". Provides that the Illinois Commerce Commission shall initiate a proceeding within 3 months after the effective date of the amendatory Act to support the development of thermal energy networks. Specifies the matters the Commission shall consider in such proceeding. Provides that the Commission shall adopt rules within 2 years after the effective date of the amendatory Act to do specified tasks. Provides for procedures for submittal of proposed pilot thermal energy network projects with the Commission. Provides that each gas, electric, or combination gas and utility corporation shall report to the Commission, on a quarterly basis and until completion of the pilot thermal energy network project, the status of each project. Provides that any thermal energy network created shall demonstrate that the gas, electric, or combination gas and electric corporation has entered into a labor peace agreement with a bona fide labor organization of jurisdiction that is actively engaged in representing gas and electric corporation employees. Makes corresponding changes to the Act and the Illinois Power Agency Act. Effective immediately.

LRB103 26364 AMQ 52726 b

1 AN ACT concerning utilities.

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 building emissions are kept at a minimum. Buildings are
10 one of this State's largest sources of greenhouse gases
11 and other climate emissions due to the combustion of
12 fossil fuels for heating, domestic hot water, cooking, and
13 other end uses.

14 (2) The decarbonization of buildings must be pursued
15 in a manner that is affordable, accessible, preserves and
16 creates living-wage jobs, and retains the knowledge and
17 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 (4) Thermal energy networks consist of pipe loops
21 between multiple buildings and energy sources carrying
22 water at ambient temperature. Building owners can connect
23 to the ambient temperature loops with water heating and

1 cooling and hot water services.

2 (5) Many utilities in this State have been seeking to
3 develop thermal energy networks, but legal and regulatory
4 barriers and the current, and outdated, Public Utilities
5 Act framework have prevented them from moving these
6 proposals forward.

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

16 (7) Access to thermal energy networks has the
17 potential to reduce the up-front and operating costs of
18 building electrification for customers.

19 (8) A utility's access to capital, the utility's
20 experience with networked infrastructure in public
21 rights-of-way, and the requirement that the utility serve
22 all customers positions the utility well to develop and
23 scale thermal energy networks that are accessible to all
24 customers and to coordinate the development of thermal
25 energy networks with any downsizing of the utility gas
26 system.

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

13 (10) The construction industry is highly skilled and
14 labor intensive, and the installation of modern thermal
15 energy networks involves particularly complex work.
16 Therefore, effective qualification standards for craft
17 labor personnel employed on these projects are critically
18 needed to promote successful project delivery.

19 (11) Finally, these findings are especially vital now
20 because the construction industry is experiencing
21 widespread skill shortages across the country, which are
22 crippling existing capital projects and threatening
23 projects planned for the future. The construction of
24 thermal energy networks will utilize many of the same
25 skills that the current utility and building trades
26 workforces already possess.

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

3 (1) to remove the legal barriers to utility
4 development of thermal energy networks and require the
5 Illinois Commerce Commission to authorize and direct
6 utilities to immediately commence piloting thermal energy
7 networks in each and every utility territory;

8 (2) to direct and authorize the Illinois Commerce
9 Commission to develop a regulatory structure for utility
10 thermal energy networks that scales affordable and
11 accessible building electrification, protects customers,
12 and balances the role of incumbent monopoly utilities with
13 other market and public actors;

14 (3) to promote the successful planning and delivery of
15 thermal energy networks and protect critical investments
16 in such projects by requiring the use of appropriate
17 quality craft labor policies that ensure the development
18 of and access to an adequate supply of well trained,
19 highly skilled craft persons needed to support timely,
20 reliable, high-quality projects;

21 (4) to promote strong economic development and good
22 jobs for local residents in the expanding decarbonized
23 sector by requiring application of progressive State labor
24 and employment policies that ensure public utility
25 investments and related State subsidies create
26 unparalleled skill training and employment opportunities

1 for residents in project areas through the use of local
2 prevailing wage standards and successful, bona fide
3 apprenticeship programs or project labor agreements that
4 incorporate prevailing wage and training standards and
5 provide additional benefits for project owners and
6 workers; and

7 (5) to promote the use of preapprenticeship programs
8 that will fortify and expand existing apprenticeship
9 programs through systematic outreach efforts to recruit
10 and assist persons from underrepresented and low income
11 communities by providing such persons with remedial
12 education, social services, and unique opportunities for
13 direct access into high-quality apprenticeship programs
14 and gainful employment in the growing building
15 decarbonization workforce.

16 Section 10. The Illinois Power Agency Act is amended by
17 adding Section 1-83 as follows:

18 (20 ILCS 3855/1-83 new)

19 Sec. 1-83. Pilot thermal energy network projects. No later
20 than 3 months after the effective date of this amendatory Act
21 of the 103rd General Assembly, the Resource Development
22 Bureau, the Agency, and the Agency's service provider shall
23 submit for review to the Commission at least one and as many as
24 5 proposed pilot thermal energy network projects as described

1 in Section 8-513 of the Public Utilities Act. No later than 6
2 months after the effective date of this amendatory Act of the
3 103rd General Assembly, and upon recommendation by the Agency,
4 the Commission shall determine whether it is in the public
5 interest to approve or modify such pilot thermal energy
6 network projects and shall direct the service provider to
7 implement such proposed or modified pilot thermal energy
8 network projects. The Commission shall adopt rules consistent
9 with the standards set forth in subsections (b) and (c) of
10 Section 8-513 of the Public Utilities Act.

11 Section 905. The Public Utilities Act is amended by
12 changing Sections 3-101 and 3-105 and by adding Sections
13 3-127, 3-128, and 8-513 as follows:

14 (220 ILCS 5/3-101) (from Ch. 111 2/3, par. 3-101)

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

18 (Source: P.A. 97-96, eff. 7-13-11; 97-239, eff. 8-2-11;
19 97-813, eff. 7-13-12.)

20 (220 ILCS 5/3-105) (from Ch. 111 2/3, par. 3-105)

21 Sec. 3-105. Public utility.

22 (a) "Public utility" means and includes, except where
23 otherwise expressly provided in this Section, every

1 corporation, company, limited liability company, association,
2 joint stock company or association, firm, partnership or
3 individual, their lessees, trustees, or receivers appointed by
4 any court whatsoever that owns, controls, operates or manages,
5 within this State, directly or indirectly, for public use, any
6 plant, equipment or property used or to be used for or in
7 connection with, or owns or controls any franchise, license,
8 permit, or right to engage in:

9 (1) the production, storage, transmission, sale,
10 delivery, or furnishing of heat, cold, power, electricity,
11 water, or light, except when used solely for
12 communications purposes;

13 (2) the disposal of sewerage; ~~or~~

14 (3) the conveyance of oil or gas by pipe line; ~~or~~

15 (4) a thermal energy network.

16 (b) "Public utility" does not include, however:

17 (1) public utilities that are owned and operated by
18 any political subdivision, public institution of higher
19 education or municipal corporation of this State, or
20 public utilities that are owned by such political
21 subdivision, public institution of higher education, or
22 municipal corporation and operated by any of its lessees
23 or operating agents;

24 (2) water companies which are purely mutual concerns,
25 having no rates or charges for services, but paying the
26 operating expenses by assessment upon the members of such

1 a company and no other person;

2 (3) electric cooperatives as defined in Section 3-119;

3 (4) the following natural gas cooperatives:

4 (A) residential natural gas cooperatives that are
5 not-for-profit corporations established for the
6 purpose of administering and operating, on a
7 cooperative basis, the furnishing of natural gas to
8 residences for the benefit of their members who are
9 residential consumers of natural gas. For entities
10 qualifying as residential natural gas cooperatives and
11 recognized by the Illinois Commerce Commission as
12 such, the State shall guarantee legally binding
13 contracts entered into by residential natural gas
14 cooperatives for the express purpose of acquiring
15 natural gas supplies for their members. The Illinois
16 Commerce Commission shall establish rules and
17 regulations providing for such guarantees. The total
18 liability of the State in providing all such
19 guarantees shall not at any time exceed \$1,000,000,
20 nor shall the State provide such a guarantee to a
21 residential natural gas cooperative for more than 3
22 consecutive years; and

23 (B) natural gas cooperatives that are
24 not-for-profit corporations operated for the purpose
25 of administering, on a cooperative basis, the
26 furnishing of natural gas for the benefit of their

1 members and that, prior to 90 days after the effective
2 date of this amendatory Act of the 94th General
3 Assembly, either had acquired or had entered into an
4 asset purchase agreement to acquire all or
5 substantially all of the operating assets of a public
6 utility or natural gas cooperative with the intention
7 of operating those assets as a natural gas
8 cooperative;

9 (5) sewage disposal companies which provide sewage
10 disposal services on a mutual basis without establishing
11 rates or charges for services, but paying the operating
12 expenses by assessment upon the members of the company and
13 no others;

14 (6) (blank);

15 (7) cogeneration facilities, small power production
16 facilities, and other qualifying facilities, as defined in
17 the Public Utility Regulatory Policies Act and regulations
18 promulgated thereunder, except to the extent State
19 regulatory jurisdiction and action is required or
20 authorized by federal law, regulations, regulatory
21 decisions or the decisions of federal or State courts of
22 competent jurisdiction;

23 (8) the ownership or operation of a facility that
24 sells compressed natural gas at retail to the public for
25 use only as a motor vehicle fuel and the selling of
26 compressed natural gas at retail to the public for use

1 only as a motor vehicle fuel;

2 (9) alternative retail electric suppliers as defined
3 in Article XVI; and

4 (10) the Illinois Power Agency.

5 (c) An entity that furnishes the service of charging
6 electric vehicles does not and shall not be deemed to sell
7 electricity and is not and shall not be deemed a public utility
8 notwithstanding the basis on which the service is provided or
9 billed. If, however, the entity is otherwise deemed a public
10 utility under this Act, or is otherwise subject to regulation
11 under this Act, then that entity is not exempt from and remains
12 subject to the otherwise applicable provisions of this Act.
13 The installation, maintenance, and repair of an electric
14 vehicle charging station shall comply with the requirements of
15 subsection (a) of Section 16-128 and Section 16-128A of this
16 Act.

17 For purposes of this subsection, the term "electric
18 vehicles" has the meaning ascribed to that term in Section 10
19 of the Electric Vehicle Act.

20 (Source: P.A. 97-1128, eff. 8-28-12.)

21 (220 ILCS 5/3-127 new)

22 Sec. 3-127. Thermal energy. "Thermal energy" means piped
23 noncombustible fluids used for transferring heat into and out
24 of buildings for the purpose of eliminating any resultant
25 onsite greenhouse gas emissions of all types of heating and

1 cooling processes, including, but not limited to, comfort
2 heating and cooling, domestic hot water, and refrigeration.

3 (220 ILCS 5/3-128 new)

4 Sec. 3-128. Thermal energy network. "Thermal energy
5 network" means all real estate, fixtures, and personal
6 property operated, owned, used, or to be used for, in
7 connection with, or to facilitate a utility-scale distribution
8 infrastructure project that supplies thermal energy.

9 (220 ILCS 5/8-513 new)

10 Sec. 8-513. Thermal energy network development.

11 (a) The Illinois Commerce Commission shall initiate a
12 proceeding within 3 months of the effective date after this
13 amendatory Act of the 103rd General Assembly to support the
14 development of thermal energy networks. The matters the
15 Commission shall consider in such proceeding shall include,
16 but is not limited to, the appropriate ownership, market, and
17 rate structures for thermal energy networks and whether the
18 provision of thermal energy services by gas or electric
19 utilities is in the public interest.

20 (b) The Commission shall adopt rules within 2 years after
21 the effective date of this amendatory Act of the 103rd General
22 Assembly to:

23 (1) create fair market access rules for utility-owned
24 thermal energy networks to accept thermal energy that

1 aligns with the Illinois Power Agency Act and that does
2 not increase greenhouse gas emissions or copollutants;

3 (2) exempt small-scale thermal energy networks not
4 owned by utilities from regulation by the Commission;

5 (3) promote the training and transition of utility
6 workers impacted by this amendatory Act of the 103rd
7 General Assembly; and

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

10 (c) Within 3 months after the effective date of this
11 amendatory Act of the 103rd General Assembly, each of the
12 largest gas, electric, or combination gas and electric
13 corporations shall submit to the Commission for review and
14 approval at least one and as many as 5 proposed pilot thermal
15 energy network projects. In developing the pilot project
16 proposals, at least one pilot project in each utility
17 territory shall be proposed in a disadvantaged community, as
18 described in the Illinois Power Agency Act, and if a utility
19 proposes 4 or more pilot projects, at least 2 shall be proposed
20 in disadvantaged communities. Each utility shall coordinate
21 with other utility participants, the Illinois Power Agency,
22 and consultants with expertise on successful pilot projects to
23 ensure that the pilot projects are diverse and designed to
24 inform the Commission's decisions in the proceeding on the
25 various ownership, market, and rate structures for thermal
26 energy networks. The pilot project proposals shall include

1 specific customer protection plans, shall be made publicly
2 available on the Commission's website, and shall be subject to
3 a public comment period of no less than 30 days. Within 6
4 months after the effective date of this amendatory Act of the
5 103rd General Assembly, the Commission shall determine whether
6 it is in the public interest to approve or modify such pilot
7 thermal energy network projects and shall issue an order
8 directing each gas, electric, or combination gas and electric
9 corporation to implement such proposed or modified pilot
10 thermal energy network projects. In considering whether pilot
11 thermal energy network projects are in the public interest,
12 the Commission shall consider whether the pilot project will
13 develop information useful for the Commission's adoption of
14 rules governing thermal energy networks, whether the pilot
15 project furthers the climate justice and emissions reduction,
16 whether the pilot project advances financial and technical
17 approaches to equitable and affordable building
18 electrification, and whether the pilot project creates
19 benefits to customers and society at large, including, but not
20 limited to, public health benefits in areas with
21 disproportionate environmental or public health burdens, job
22 retention and creation, reliability, and increased
23 affordability of renewable thermal energy options.

24 (d) Each gas, electric, or combination gas and utility
25 corporation shall report to the Commission, on a quarterly
26 basis and until completion of the pilot thermal energy network

1 project, as determined by the Commission, the status of each
2 pilot thermal energy network project. The Commission shall
3 post and make publicly available such reports on its website.
4 The report shall include, but not be limited to:

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

6 (2) the barriers to development;

7 (3) the number of customers served;

8 (4) the costs of the pilot project;

9 (5) the number of jobs retained or created by the
10 pilot project; and

11 (6) any other such information the Commission deems to
12 be in the public interest.

13 (e) Any thermal energy network created under this Section
14 shall demonstrate that the gas, electric, or combination gas
15 and electric corporation has entered into a labor peace
16 agreement with a bona fide labor organization of jurisdiction
17 that is actively engaged in representing gas, electric, and
18 combination gas and electric corporation employees. The labor
19 peace agreement shall apply to the employees necessary for the
20 maintenance and operation of such thermal energy network. The
21 labor peace agreement shall be an ongoing material condition
22 of authorization to maintain and operate such thermal energy
23 networks. The employees eligible for these positions shall
24 first be selected from and offered to a pool of transitioning
25 utility workers who have lost, or are at risk of losing, their
26 employment with a utility downsizing its gas transmission and

1 distribution system. Such list of potential employees shall be
2 provided by affected unions and provided to the Illinois
3 Department of Labor. The Illinois Department of Labor shall
4 update and provide such list to the gas, electric, or
5 combination gas and electric corporation 90 days prior to the
6 purchase, acquisition, or construction of any thermal energy
7 network created under this Section.

8 Section 999. Effective date. This Act takes effect upon
9 becoming law.