



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

HB4111

by Rep. Julie Hamos

SYNOPSIS AS INTRODUCED:

See Index

Amends the Department of Commerce and Economic Opportunity Law of the Civil Administrative Code. Provides that not later than January 2, 2008, the Department of Commerce and Economic Opportunity, in cooperation with the Illinois Commerce Commission, shall establish one or more pilot programs through which certain customers of a public utility may be eligible to have cost-effective energy efficiency, renewable energy, or demand response measures that may be installed at the customer's location by a certified contractor. Provides that within 30 days after the effective date of the amendatory Act, the Department shall convene and provide staff support to an ad hoc task force comprised of specified members, which shall advise the Department on the design of an energy efficiency, renewable energy, and demand response on-bill financing system. Amends the Public Utilities Act. Provides that the Commission shall, not later than November 1, 2007, issue an order or orders relating to provisions concerning energy efficiency, renewable energy, and demand response resources. Provides that each public utility shall file and maintain an energy efficiency, renewable energy, and demand response tariff or tariffs in accordance with specified provisions and any applicable order of the Commission to allow any of its customers to pay over time on the utility bill for cost-effective energy efficiency measures, renewable energy, demand response resources as provided in specified provisions. Provides that a public utility shall be entitled to recover reasonable costs incurred in complying with specified provisions. Effective immediately.

LRB095 12381 MJR 37328 b

FISCAL NOTE ACT
MAY APPLY

HOUSING
AFFORDABILITY
IMPACT NOTE ACT
MAY APPLY

A BILL FOR

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 Department of Commerce and Economic
5 Opportunity Law of the Civil Administrative Code of Illinois is
6 amended by adding Section 605-975 as follows:

7 (20 ILCS 605/605-975 new)

8 Sec. 605-975. On-bill financing of energy efficiency,
9 renewable energy, and demand response resources.

10 (a) The Illinois General Assembly finds that Illinois homes
11 and businesses have the potential to save 25% or more of energy
12 now used through conservation and by implementation of
13 cost-effective energy efficiency, renewable energy, and demand
14 response measures. However, persistent barriers in the markets
15 for these measures, including lack of information and lack of
16 capital, prevent many Illinois consumers and businesses from
17 making economical investments in them. It is the purpose of
18 this Section to help overcome those barriers, to assist energy
19 consumers in Illinois to make the most efficient use of energy
20 resources, and to maximize the amount of value that is
21 extracted from electricity and gas delivered by utilities in
22 the State, by the creation of energy efficiency, renewable
23 energy, and demand response resources on-bill financing

1 programs. Programs created pursuant to this Section will allow
2 utility customers to obtain energy efficiency products and
3 services and renewable energy and demand response resources
4 with no required initial payment, and to pay the cost of those
5 products and services and resources over time on a utility
6 bill.

7 (b) For purposes of this Section:

8 "Capital provider" means an entity that provides funds to
9 pay the initial costs of the energy efficiency measures and
10 demand response resources installed through the on-bill
11 financing program created pursuant to this Section.

12 "Certification agent" means an entity designated by the
13 Department to implement a system of energy efficiency and
14 demand response on-bill financing programs.

15 "Certified contractor" means a person authorized by a
16 certification agent to identify or develop, market, and install
17 energy efficiency measures and renewable energy and demand
18 response resources in programs established under this Section.

19 "Cost-effective measures" means those energy efficiency
20 products and services, and those renewable energy and demand
21 response resources, identified by the certification agent to
22 have estimated electricity or gas savings, which are determined
23 by rates in effect at the time of purchase, that are sufficient
24 to cover the costs of implementing the measures, including
25 financing charges and program fees, through payments of no more
26 than three-quarters of the estimated savings and over a period

1 no greater than three-quarters of the estimated useful life of
2 the measure. Payment for a measure made by a customer at the
3 time of installation may be deducted from the cost of the
4 measure in determining whether the measure is cost-effective.

5 "Demand response resources" means tools and devices,
6 including recording-demand meters, that allow a customer to
7 better control energy use in response to price changes.

8 "Department" means the Department of Commerce and Economic
9 Opportunity.

10 "Energy efficiency" means the reduction in energy usage by
11 installation of energy-saving devices, materials, appliances
12 or processes, while maintaining comparable light, power, heat,
13 and cooling previously enjoyed.

14 "Energy efficiency, renewable energy, and demand response
15 on-bill financing system" means a market-based system through
16 which electric and gas utility customers may purchase
17 cost-effective energy efficiency measures and demand response
18 resources with no required upfront payment, and pay the cost of
19 the energy efficiency measures and demand response resources
20 over time on their electric or gas bill after independent
21 certification that the measures and resources are appropriate
22 and that estimated savings will exceed payments. The system
23 assigns the obligation of repayment for permanent measures that
24 continue to provide benefits of energy savings, and for
25 resources, to the meter location

26 "Energy efficiency, renewable energy, and demand response

1 tariff" means a tariff developed under this Section that
2 defines the requirements for and operational arrangements
3 between and among purchasers of energy efficiency products and
4 services and renewable energy and demand response resources,
5 sellers and installers of the products and services and
6 resources, capital providers who provide financing for the
7 initial costs of these products and services and resources,
8 including vendors who finance the sale and installation of
9 their products, services, and resources, public utilities, and
10 certification agents.

11 "Permanent measures" means energy efficiency, renewable
12 energy and demand response measures that, as determined by the
13 certification agent, are likely to remain in the premises where
14 installed.

15 (c) Not later than January 2, 2008, the Department, in
16 cooperation with the Illinois Commerce Commission, shall
17 establish one or more pilot programs through which certain
18 customers of a public utility may be eligible to have
19 cost-effective energy efficiency, renewable energy, or demand
20 response measures that may be installed at the customer's
21 location by a certified contractor. Those customers shall not
22 be required to make any up-front payment for the installation,
23 and may pay the cost of the energy efficiency, renewable
24 energy, or demand response measures over time on a utility
25 bill.

26 No later than January 2, 2011, the Department shall make an

1 energy efficiency, renewable energy, and demand response
2 on-bill financing system available to all public utility
3 customers in the State. The Department shall monitor and
4 evaluate the effects of the energy efficiency, renewable
5 energy, and demand response measures installed pursuant to the
6 programs established under this Section, and shall issue a
7 report to the Governor and General Assembly on its findings
8 every 2 years beginning in January 2010. This report shall
9 describe, at a minimum, the nature of the measures installed,
10 estimated energy and costs savings from the measures, the
11 effects of reduced energy use on utility costs, and the effects
12 of reduced energy use on the environment.

13 (d) Within 30 days after the effective date of this
14 amendatory Act of the 95th General Assembly, the Department
15 shall convene and provide staff support to an ad hoc task force
16 comprised of the Illinois Commerce Commission, governments
17 from municipalities with more than 1,000,000 residents,
18 governments from municipalities with less than 1,000,000
19 residents, representatives of consumer, utility, energy
20 efficiency, renewable energy, and demand response resource
21 vendors, financial institutions, and other relevant interests,
22 which shall advise the Department on the design of an energy
23 efficiency, renewable energy, and demand response on-bill
24 financing system including, but not limited to, the following
25 considerations:

26 (1) criteria for selection of certification agents to

1 be appointed by the Department;

2 (2) guidelines for financing of measures and resources
3 installed under an energy efficiency, renewable energy,
4 and demand response resources tariff;

5 (3) criteria and standards for qualified
6 cost-effective energy efficiency, renewable energy and
7 demand response resources;

8 (4) qualifications of vendors that will market and
9 install efficiency products and services and renewable
10 energy and demand response resources;

11 (5) rules for recovering costs for cost-effective
12 energy efficiency measures, renewable energy, and demand
13 response resources when the property where the measures or
14 resources have been implemented transfers ownership;

15 (6) terms for the establishment of energy efficiency,
16 renewable energy, and demand response resources tariffs in
17 markets throughout the State;

18 (7) sample contracts and agreements necessary to
19 implement energy efficiency, renewable energy, and demand
20 response resources tariffs throughout the State;

21 (8) a recommended budget and funding sources to cover
22 the costs to establish and operate an energy efficiency,
23 renewable energy, and demand response resources on-bill
24 financing system throughout the State; and

25 (9) cost estimates and plans to modify utility billing
26 systems to include billing and collection capabilities for

1 measures and resources installed under an energy
2 efficiency, renewable energy, and demand response tariff.

3 (e) The Department shall designate, and subject to
4 appropriations for this purpose shall contract with,
5 certification agents to implement energy efficiency, renewable
6 energy, and demand response on-bill financing systems. A
7 certification agent designated by the Department under this
8 Section:

9 (1) may be for a specified geographic areas of the
10 State, or for specific classes of customers, or both;

11 (2) shall be qualified by relevant experience and
12 expertise; and

13 (3) shall have general responsibility for the
14 implementation and operation of an energy efficiency,
15 renewable energy, and demand response resources on-bill
16 financing system, including such duties as the Department
17 assigns it through contract.

18 Section 10. The Public Utilities Act is amended by adding
19 Section 4-204.5 as follows:

20 (220 ILCS 5/4-204.5 new)

21 Sec. 4-204.5. Energy efficiency, renewable energy, and
22 demand response on-bill financing programs.

23 (a) The Commission shall, not later than November 1, 2007,
24 issue an order or orders that: (i) will allow certain customers

1 of a public utility in Illinois to purchase cost-effective
2 energy efficiency measures, renewable energy, and demand
3 response resources under an energy efficiency and demand
4 response resources tariff as part of a pilot program
5 established under Section 605-975 of the Department of Commerce
6 and Economic Opportunity Law of the Civil Administrative Code
7 of Illinois; and (ii) require each public utility to file and
8 maintain an energy efficiency, renewable energy, and demand
9 response tariff or tariffs in accordance with this Section no
10 later than January 2, 2009.

11 (b) Each public utility shall file and maintain an energy
12 efficiency, renewable energy, and demand response tariff or
13 tariffs in accordance with this Section and any applicable
14 order of the Commission to allow any of its customers to pay
15 over time on the utility bill for cost-effective energy
16 efficiency measures, renewable energy, demand response
17 resources as provided in Section 605-975 of the Department of
18 Commerce and Economic Opportunity Law of the Civil
19 Administrative Code of Illinois. An electric utility may
20 include gas saving measures under its energy efficiency,
21 renewable energy, and demand response resources tariff, and a
22 gas distribution utility may include electricity saving
23 measures under its energy efficiency, renewable energy, and
24 demand response resources tariff. Disconnection for
25 non-payment and treatment of bad debt under such a tariff will
26 be subject to the same rules and regulations as other tariffs

1 offered by the utility. To reduce bad debt, the Commission may
2 direct public utilities to extend the payment term as necessary
3 to recover any missed payments or costs needed to repair
4 measures providing the payment term never exceeds the useful
5 life of the measure.

6 (c) A public utility shall be entitled to recover
7 reasonable costs incurred in complying with this Section and
8 Section 605-975 of the Department of Commerce and Economic
9 Opportunity Law of the Civil Administrative Code of Illinois.

10 Section 99. Effective date. This Act takes effect upon
11 becoming law.

1 INDEX

2 Statutes amended in order of appearance

3 20 ILCS 605/605-975 new

4 220 ILCS 5/4-204.5 new