

1 AN ACT concerning State government.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Illinois Power Agency Act is amended by  
5 changing Sections 1-75 and 1-125 as follows:

6 (20 ILCS 3855/1-75)

7 Sec. 1-75. Planning and Procurement Bureau. The Planning  
8 and Procurement Bureau has the following duties and  
9 responsibilities:

10 (a) The Planning and Procurement Bureau shall each  
11 year, beginning in 2008, develop procurement plans and  
12 conduct competitive procurement processes in accordance  
13 with the requirements of Section 16-111.5 of the Public  
14 Utilities Act for the eligible retail customers of electric  
15 utilities that on December 31, 2005 provided electric  
16 service to at least 100,000 customers in Illinois. For the  
17 purposes of this Section, the term "eligible retail  
18 customers" has the same definition as found in Section  
19 16-111.5(a) of the Public Utilities Act.

20 (1) The Agency shall each year, beginning in 2008,  
21 as needed, issue a request for qualifications for  
22 experts or expert consulting firms to develop the  
23 procurement plans in accordance with Section 16-111.5

1 of the Public Utilities Act. In order to qualify an  
2 expert or expert consulting firm must have:

3 (A) direct previous experience assembling  
4 large-scale power supply plans or portfolios for  
5 end-use customers;

6 (B) an advanced degree in economics,  
7 mathematics, engineering, risk management, or a  
8 related area of study;

9 (C) 10 years of experience in the electricity  
10 sector, including managing supply risk;

11 (D) expertise in wholesale electricity market  
12 rules, including those established by the Federal  
13 Energy Regulatory Commission and regional  
14 transmission organizations;

15 (E) expertise in credit protocols and  
16 familiarity with contract protocols;

17 (F) adequate resources to perform and fulfill  
18 the required functions and responsibilities; and

19 (G) the absence of a conflict of interest and  
20 inappropriate bias for or against potential  
21 bidders or the affected electric utilities.

22 (2) The Agency shall each year, as needed, issue a  
23 request for qualifications for a procurement  
24 administrator to conduct the competitive procurement  
25 processes in accordance with Section 16-111.5 of the  
26 Public Utilities Act. In order to qualify an expert or

1 expert consulting firm must have:

2 (A) direct previous experience administering a  
3 large-scale competitive procurement process;

4 (B) an advanced degree in economics,  
5 mathematics, engineering, or a related area of  
6 study;

7 (C) 10 years of experience in the electricity  
8 sector, including risk management experience;

9 (D) expertise in wholesale electricity market  
10 rules, including those established by the Federal  
11 Energy Regulatory Commission and regional  
12 transmission organizations;

13 (E) expertise in credit and contract  
14 protocols;

15 (F) adequate resources to perform and fulfill  
16 the required functions and responsibilities; and

17 (G) the absence of a conflict of interest and  
18 inappropriate bias for or against potential  
19 bidders or the affected electric utilities.

20 (3) The Agency shall provide affected utilities  
21 and other interested parties with the lists of  
22 qualified experts or expert consulting firms  
23 identified through the request for qualifications  
24 processes that are under consideration to develop the  
25 procurement plans and to serve as the procurement  
26 administrator. The Agency shall also provide each

1 qualified expert's or expert consulting firm's  
2 response to the request for qualifications. All  
3 information provided under this subparagraph shall  
4 also be provided to the Commission. The Agency may  
5 provide by rule for fees associated with supplying the  
6 information to utilities and other interested parties.  
7 These parties shall, within 5 business days, notify the  
8 Agency in writing if they object to any experts or  
9 expert consulting firms on the lists. Objections shall  
10 be based on:

11 (A) failure to satisfy qualification criteria;

12 (B) identification of a conflict of interest;

13 or

14 (C) evidence of inappropriate bias for or  
15 against potential bidders or the affected  
16 utilities.

17 The Agency shall remove experts or expert  
18 consulting firms from the lists within 10 days if there  
19 is a reasonable basis for an objection and provide the  
20 updated lists to the affected utilities and other  
21 interested parties. If the Agency fails to remove an  
22 expert or expert consulting firm from a list, an  
23 objecting party may seek review by the Commission  
24 within 5 days thereafter by filing a petition, and the  
25 Commission shall render a ruling on the petition within  
26 10 days. There is no right of appeal of the

1 Commission's ruling.

2 (4) The Agency shall issue requests for proposals  
3 to the qualified experts or expert consulting firms to  
4 develop a procurement plan for the affected utilities  
5 and to serve as procurement administrator.

6 (5) The Agency shall select an expert or expert  
7 consulting firm to develop procurement plans based on  
8 the proposals submitted and shall award one-year  
9 contracts to those selected with an option for the  
10 Agency for a one-year renewal.

11 (6) The Agency shall select an expert or expert  
12 consulting firm, with approval of the Commission, to  
13 serve as procurement administrator based on the  
14 proposals submitted. If the Commission rejects, within  
15 5 days, the Agency's selection, the Agency shall submit  
16 another recommendation within 3 days based on the  
17 proposals submitted. The Agency shall award a one-year  
18 contract to the expert or expert consulting firm so  
19 selected with Commission approval with an option for  
20 the Agency for a one-year renewal.

21 (b) The experts or expert consulting firms retained by  
22 the Agency shall, as appropriate, prepare procurement  
23 plans, and conduct a competitive procurement process as  
24 prescribed in Section 16-111.5 of the Public Utilities Act,  
25 to ensure adequate, reliable, affordable, efficient, and  
26 environmentally sustainable electric service at the lowest

1 total cost over time, taking into account any benefits of  
2 price stability, for eligible retail customers of electric  
3 utilities that on December 31, 2005 provided electric  
4 service to at least 100,000 customers in the State of  
5 Illinois.

6 (c) Renewable portfolio standard.

7 (1) The procurement plans shall include  
8 cost-effective renewable energy resources. A minimum  
9 percentage of each utility's total supply to serve the  
10 load of eligible retail customers, as defined in  
11 Section 16-111.5(a) of the Public Utilities Act,  
12 procured for each of the following years shall be  
13 generated from cost-effective renewable energy  
14 resources: at least 2% by June 1, 2008; at least 4% by  
15 June 1, 2009; at least 5% by June 1, 2010; at least 6%  
16 by June 1, 2011; at least 7% by June 1, 2012; at least  
17 8% by June 1, 2013; at least 9% by June 1, 2014; at  
18 least 10% by June 1, 2015; and increasing by at least  
19 1.5% each year thereafter to at least 25% by June 1,  
20 2025. To the extent that it is available, at least 75%  
21 of the renewable energy resources used to meet these  
22 standards shall come from wind generation and,  
23 beginning on June 1, 2011, at least the following  
24 percentages of the renewable energy resources used to  
25 meet these standards shall come from photovoltaics on  
26 the following schedule: 0.5% by June 1, 2012, 1.5% by

1 June 1, 2013; 3% by June 1, 2014; and 6% by June 1,  
2 2015 and thereafter. For purposes of this subsection  
3 (c), "cost-effective" means that the costs of  
4 procuring renewable energy resources do not cause the  
5 limit stated in paragraph (2) of this subsection (c) to  
6 be exceeded and do not exceed benchmarks based on  
7 market prices for renewable energy resources in the  
8 region, which shall be developed by the procurement  
9 administrator, in consultation with the Commission  
10 staff, Agency staff, and the procurement monitor and  
11 shall be subject to Commission review and approval.

12 (2) For purposes of this subsection (c), the  
13 required procurement of cost-effective renewable  
14 energy resources for a particular year shall be  
15 measured as a percentage of the actual amount of  
16 electricity (megawatt-hours) supplied by the electric  
17 utility to eligible retail customers in the planning  
18 year ending immediately prior to the procurement. For  
19 purposes of this subsection (c), the amount paid per  
20 kilowatthour means the total amount paid for electric  
21 service expressed on a per kilowatthour basis. For  
22 purposes of this subsection (c), the total amount paid  
23 for electric service includes without limitation  
24 amounts paid for supply, transmission, distribution,  
25 surcharges, and add-on taxes.

26 Notwithstanding the requirements of this

1 subsection (c), the total of renewable energy  
2 resources procured pursuant to the procurement plan  
3 for any single year shall be reduced by an amount  
4 necessary to limit the annual estimated average net  
5 increase due to the costs of these resources included  
6 in the amounts paid by eligible retail customers in  
7 connection with electric service to:

8 (A) in 2008, no more than 0.5% of the amount  
9 paid per kilowatthour by those customers during  
10 the year ending May 31, 2007;

11 (B) in 2009, the greater of an additional 0.5%  
12 of the amount paid per kilowatthour by those  
13 customers during the year ending May 31, 2008 or 1%  
14 of the amount paid per kilowatthour by those  
15 customers during the year ending May 31, 2007;

16 (C) in 2010, the greater of an additional 0.5%  
17 of the amount paid per kilowatthour by those  
18 customers during the year ending May 31, 2009 or  
19 1.5% of the amount paid per kilowatthour by those  
20 customers during the year ending May 31, 2007;

21 (D) in 2011, the greater of an additional 0.5%  
22 of the amount paid per kilowatthour by those  
23 customers during the year ending May 31, 2010 or 2%  
24 of the amount paid per kilowatthour by those  
25 customers during the year ending May 31, 2007; and

26 (E) thereafter, the amount of renewable energy

1 resources procured pursuant to the procurement  
2 plan for any single year shall be reduced by an  
3 amount necessary to limit the estimated average  
4 net increase due to the cost of these resources  
5 included in the amounts paid by eligible retail  
6 customers in connection with electric service to  
7 no more than the greater of 2.015% of the amount  
8 paid per kilowatthour by those customers during  
9 the year ending May 31, 2007 or the incremental  
10 amount per kilowatthour paid for these resources  
11 in 2011.

12 No later than June 30, 2011, the Commission shall  
13 review the limitation on the amount of renewable energy  
14 resources procured pursuant to this subsection (c) and  
15 report to the General Assembly its findings as to  
16 whether that limitation unduly constrains the  
17 procurement of cost-effective renewable energy  
18 resources.

19 (3) Through June 1, 2011, renewable energy  
20 resources shall be counted for the purpose of meeting  
21 the renewable energy standards set forth in paragraph  
22 (1) of this subsection (c) only if they are generated  
23 from facilities located in the State, provided that  
24 cost-effective renewable energy resources are  
25 available from those facilities. If those  
26 cost-effective resources are not available in

1 Illinois, they shall be procured in states that adjoin  
2 Illinois and may be counted towards compliance. If  
3 those cost-effective resources are not available in  
4 Illinois or in states that adjoin Illinois, they shall  
5 be purchased elsewhere and shall be counted towards  
6 compliance. After June 1, 2011, cost-effective  
7 renewable energy resources located in Illinois and in  
8 states that adjoin Illinois may be counted towards  
9 compliance with the standards set forth in paragraph  
10 (1) of this subsection (c). If those cost-effective  
11 resources are not available in Illinois or in states  
12 that adjoin Illinois, they shall be purchased  
13 elsewhere and shall be counted towards compliance.

14 (4) The electric utility shall retire all  
15 renewable energy credits used to comply with the  
16 standard.

17 (5) Beginning with the year commencing June 1,  
18 2010, an electric utility subject to this subsection  
19 (c) shall apply the lesser of the maximum alternative  
20 compliance payment rate or the most recent estimated  
21 alternative compliance payment rate for its service  
22 territory for the corresponding compliance period,  
23 established pursuant to subsection (d) of Section  
24 16-115D of the Public Utilities Act to its retail  
25 customers that take service pursuant to the electric  
26 utility's hourly pricing tariff or tariffs. The

1 electric utility shall retain all amounts collected as  
2 a result of the application of the alternative  
3 compliance payment rate or rates to such customers,  
4 and, beginning in 2011, the utility shall include in  
5 the information provided under item (1) of subsection  
6 (d) of Section 16-111.5 of the Public Utilities Act the  
7 amounts collected under the alternative compliance  
8 payment rate or rates for the prior year ending May 31.  
9 Notwithstanding any limitation on the procurement of  
10 renewable energy resources imposed by item (2) of this  
11 subsection (c), the Agency shall increase its spending  
12 on the purchase of renewable energy resources to be  
13 procured by the electric utility for the next plan year  
14 by an amount equal to the amounts collected by the  
15 utility under the alternative compliance payment rate  
16 or rates in the prior year ending May 31. Beginning  
17 April 1, 2012, and each year thereafter, the Agency  
18 shall prepare a public report for the General Assembly  
19 and Illinois Commerce Commission that shall include,  
20 but not necessarily be limited to:

21 (A) a comparison of the costs associated with  
22 the Agency's procurement of renewable energy  
23 resources to (1) the Agency's costs associated  
24 with electricity generated by other types of  
25 generation facilities and (2) the benefits  
26 associated with the Agency's procurement of

1 renewable energy resources; and

2 (B) an analysis of the rate impacts associated  
3 with the Illinois Power Agency's procurement of  
4 renewable resources, including, but not limited  
5 to, any long-term contracts, on the eligible  
6 retail customers of electric utilities.

7 The analysis shall include the Agency's estimate  
8 of the total dollar impact that the Agency's  
9 procurement of renewable resources has had on the  
10 annual electricity bills of the customer classes that  
11 comprise each eligible retail customer class taking  
12 service from an electric utility. The Agency's report  
13 shall also analyze how the operation of the alternative  
14 compliance payment mechanism, any long-term contracts,  
15 or other aspects of the applicable renewable portfolio  
16 standards impacts the rates of customers of  
17 alternative retail electric suppliers.

18 (d) Clean coal portfolio standard.

19 (1) The procurement plans shall include electricity  
20 generated using clean coal. Each utility shall enter into  
21 one or more sourcing agreements with the initial clean coal  
22 facility, as provided in paragraph (3) of this subsection  
23 (d), covering electricity generated by the initial clean  
24 coal facility representing at least 5% of each utility's  
25 total supply to serve the load of eligible retail customers  
26 in 2015 and each year thereafter, as described in paragraph

1 (3) of this subsection (d), subject to the limits specified  
2 in paragraph (2) of this subsection (d). It is the goal of  
3 the State that by January 1, 2025, 25% of the electricity  
4 used in the State shall be generated by cost-effective  
5 clean coal facilities. For purposes of this subsection (d),  
6 "cost-effective" means that the expenditures pursuant to  
7 such sourcing agreements do not cause the limit stated in  
8 paragraph (2) of this subsection (d) to be exceeded and do  
9 not exceed cost-based benchmarks, which shall be developed  
10 to assess all expenditures pursuant to such sourcing  
11 agreements covering electricity generated by clean coal  
12 facilities, other than the initial clean coal facility, by  
13 the procurement administrator, in consultation with the  
14 Commission staff, Agency staff, and the procurement  
15 monitor and shall be subject to Commission review and  
16 approval.

17 (A) A utility party to a sourcing agreement shall  
18 immediately retire any emission credits that it  
19 receives in connection with the electricity covered by  
20 such agreement.

21 (B) Utilities shall maintain adequate records  
22 documenting the purchases under the sourcing agreement  
23 to comply with this subsection (d) and shall file an  
24 accounting with the load forecast that must be filed  
25 with the Agency by July 15 of each year, in accordance  
26 with subsection (d) of Section 16-111.5 of the Public

1 Utilities Act.

2 (C) A utility shall be deemed to have complied with  
3 the clean coal portfolio standard specified in this  
4 subsection (d) if the utility enters into a sourcing  
5 agreement as required by this subsection (d).

6 (2) For purposes of this subsection (d), the required  
7 execution of sourcing agreements with the initial clean  
8 coal facility for a particular year shall be measured as a  
9 percentage of the actual amount of electricity  
10 (megawatt-hours) supplied by the electric utility to  
11 eligible retail customers in the planning year ending  
12 immediately prior to the agreement's execution. For  
13 purposes of this subsection (d), the amount paid per  
14 kilowatthour means the total amount paid for electric  
15 service expressed on a per kilowatthour basis. For purposes  
16 of this subsection (d), the total amount paid for electric  
17 service includes without limitation amounts paid for  
18 supply, transmission, distribution, surcharges and add-on  
19 taxes.

20 Notwithstanding the requirements of this subsection  
21 (d), the total amount paid under sourcing agreements with  
22 clean coal facilities pursuant to the procurement plan for  
23 any given year shall be reduced by an amount necessary to  
24 limit the annual estimated average net increase due to the  
25 costs of these resources included in the amounts paid by  
26 eligible retail customers in connection with electric

1 service to:

2 (A) in 2010, no more than 0.5% of the amount  
3 paid per kilowatthour by those customers during  
4 the year ending May 31, 2009;

5 (B) in 2011, the greater of an additional 0.5%  
6 of the amount paid per kilowatthour by those  
7 customers during the year ending May 31, 2010 or 1%  
8 of the amount paid per kilowatthour by those  
9 customers during the year ending May 31, 2009;

10 (C) in 2012, the greater of an additional 0.5%  
11 of the amount paid per kilowatthour by those  
12 customers during the year ending May 31, 2011 or  
13 1.5% of the amount paid per kilowatthour by those  
14 customers during the year ending May 31, 2009;

15 (D) in 2013, the greater of an additional 0.5%  
16 of the amount paid per kilowatthour by those  
17 customers during the year ending May 31, 2012 or 2%  
18 of the amount paid per kilowatthour by those  
19 customers during the year ending May 31, 2009; and

20 (E) thereafter, the total amount paid under  
21 sourcing agreements with clean coal facilities  
22 pursuant to the procurement plan for any single  
23 year shall be reduced by an amount necessary to  
24 limit the estimated average net increase due to the  
25 cost of these resources included in the amounts  
26 paid by eligible retail customers in connection

1 with electric service to no more than the greater  
2 of (i) 2.015% of the amount paid per kilowatthour  
3 by those customers during the year ending May 31,  
4 2009 or (ii) the incremental amount per  
5 kilowatthour paid for these resources in 2013.  
6 These requirements may be altered only as provided  
7 by statute. No later than June 30, 2015, the  
8 Commission shall review the limitation on the  
9 total amount paid under sourcing agreements, if  
10 any, with clean coal facilities pursuant to this  
11 subsection (d) and report to the General Assembly  
12 its findings as to whether that limitation unduly  
13 constrains the amount of electricity generated by  
14 cost-effective clean coal facilities that is  
15 covered by sourcing agreements.

16 (3) Initial clean coal facility. In order to promote  
17 development of clean coal facilities in Illinois, each  
18 electric utility subject to this Section shall execute a  
19 sourcing agreement to source electricity from a proposed  
20 clean coal facility in Illinois (the "initial clean coal  
21 facility") that will have a nameplate capacity of at least  
22 500 MW when commercial operation commences, that has a  
23 final Clean Air Act permit on the effective date of this  
24 amendatory Act of the 95th General Assembly, and that will  
25 meet the definition of clean coal facility in Section 1-10  
26 of this Act when commercial operation commences. The

1 sourcing agreements with this initial clean coal facility  
2 shall be subject to both approval of the initial clean coal  
3 facility by the General Assembly and satisfaction of the  
4 requirements of paragraph (4) of this subsection (d) and  
5 shall be executed within 90 days after any such approval by  
6 the General Assembly. The Agency and the Commission shall  
7 have authority to inspect all books and records associated  
8 with the initial clean coal facility during the term of  
9 such a sourcing agreement. A utility's sourcing agreement  
10 for electricity produced by the initial clean coal facility  
11 shall include:

12 (A) a formula contractual price (the "contract  
13 price") approved pursuant to paragraph (4) of this  
14 subsection (d), which shall:

15 (i) be determined using a cost of service  
16 methodology employing either a level or deferred  
17 capital recovery component, based on a capital  
18 structure consisting of 45% equity and 55% debt,  
19 and a return on equity as may be approved by the  
20 Federal Energy Regulatory Commission, which in any  
21 case may not exceed the lower of 11.5% or the rate  
22 of return approved by the General Assembly  
23 pursuant to paragraph (4) of this subsection (d);  
24 and

25 (ii) provide that all miscellaneous net  
26 revenue, including but not limited to net revenue

1 from the sale of emission allowances, if any,  
2 substitute natural gas, if any, grants or other  
3 support provided by the State of Illinois or the  
4 United States Government, firm transmission  
5 rights, if any, by-products produced by the  
6 facility, energy or capacity derived from the  
7 facility and not covered by a sourcing agreement  
8 pursuant to paragraph (3) of this subsection (d) or  
9 item (5) of subsection (d) of Section 16-115 of the  
10 Public Utilities Act, whether generated from the  
11 synthesis gas derived from coal, from SNG, or from  
12 natural gas, shall be credited against the revenue  
13 requirement for this initial clean coal facility;

14 (B) power purchase provisions, which shall:

15 (i) provide that the utility party to such  
16 sourcing agreement shall pay the contract price  
17 for electricity delivered under such sourcing  
18 agreement;

19 (ii) require delivery of electricity to the  
20 regional transmission organization market of the  
21 utility that is party to such sourcing agreement;

22 (iii) require the utility party to such  
23 sourcing agreement to buy from the initial clean  
24 coal facility in each hour an amount of energy  
25 equal to all clean coal energy made available from  
26 the initial clean coal facility during such hour

1 times a fraction, the numerator of which is such  
2 utility's retail market sales of electricity  
3 (expressed in kilowatthours sold) in the State  
4 during the prior calendar month and the  
5 denominator of which is the total retail market  
6 sales of electricity (expressed in kilowatthours  
7 sold) in the State by utilities during such prior  
8 month and the sales of electricity (expressed in  
9 kilowatthours sold) in the State by alternative  
10 retail electric suppliers during such prior month  
11 that are subject to the requirements of this  
12 subsection (d) and paragraph (5) of subsection (d)  
13 of Section 16-115 of the Public Utilities Act,  
14 provided that the amount purchased by the utility  
15 in any year will be limited by paragraph (2) of  
16 this subsection (d); and

17 (iv) be considered pre-existing contracts in  
18 such utility's procurement plans for eligible  
19 retail customers;

20 (C) contract for differences provisions, which  
21 shall:

22 (i) require the utility party to such sourcing  
23 agreement to contract with the initial clean coal  
24 facility in each hour with respect to an amount of  
25 energy equal to all clean coal energy made  
26 available from the initial clean coal facility

1           during such hour times a fraction, the numerator of  
2           which is such utility's retail market sales of  
3           electricity (expressed in kilowatthours sold) in  
4           the utility's service territory in the State  
5           during the prior calendar month and the  
6           denominator of which is the total retail market  
7           sales of electricity (expressed in kilowatthours  
8           sold) in the State by utilities during such prior  
9           month and the sales of electricity (expressed in  
10          kilowatthours sold) in the State by alternative  
11          retail electric suppliers during such prior month  
12          that are subject to the requirements of this  
13          subsection (d) and paragraph (5) of subsection (d)  
14          of Section 16-115 of the Public Utilities Act,  
15          provided that the amount paid by the utility in any  
16          year will be limited by paragraph (2) of this  
17          subsection (d);

18                 (ii) provide that the utility's payment  
19                 obligation in respect of the quantity of  
20                 electricity determined pursuant to the preceding  
21                 clause (i) shall be limited to an amount equal to  
22                 (1) the difference between the contract price  
23                 determined pursuant to subparagraph (A) of  
24                 paragraph (3) of this subsection (d) and the  
25                 day-ahead price for electricity delivered to the  
26                 regional transmission organization market of the

1 utility that is party to such sourcing agreement  
2 (or any successor delivery point at which such  
3 utility's supply obligations are financially  
4 settled on an hourly basis) (the "reference  
5 price") on the day preceding the day on which the  
6 electricity is delivered to the initial clean coal  
7 facility busbar, multiplied by (2) the quantity of  
8 electricity determined pursuant to the preceding  
9 clause (i); and

10 (iii) not require the utility to take physical  
11 delivery of the electricity produced by the  
12 facility;

13 (D) general provisions, which shall:

14 (i) specify a term of no more than 30 years,  
15 commencing on the commercial operation date of the  
16 facility;

17 (ii) provide that utilities shall maintain  
18 adequate records documenting purchases under the  
19 sourcing agreements entered into to comply with  
20 this subsection (d) and shall file an accounting  
21 with the load forecast that must be filed with the  
22 Agency by July 15 of each year, in accordance with  
23 subsection (d) of Section 16-111.5 of the Public  
24 Utilities Act.

25 (iii) provide that all costs associated with  
26 the initial clean coal facility will be

1           periodically reported to the Federal Energy  
2           Regulatory Commission and to purchasers in  
3           accordance with applicable laws governing  
4           cost-based wholesale power contracts;

5           (iv) permit the Illinois Power Agency to  
6           assume ownership of the initial clean coal  
7           facility, without monetary consideration and  
8           otherwise on reasonable terms acceptable to the  
9           Agency, if the Agency so requests no less than 3  
10          years prior to the end of the stated contract term;

11          (v) require the owner of the initial clean coal  
12          facility to provide documentation to the  
13          Commission each year, starting in the facility's  
14          first year of commercial operation, accurately  
15          reporting the quantity of carbon emissions from  
16          the facility that have been captured and  
17          sequestered and report any quantities of carbon  
18          released from the site or sites at which carbon  
19          emissions were sequestered in prior years, based  
20          on continuous monitoring of such sites. If, in any  
21          year after the first year of commercial operation,  
22          the owner of the facility fails to demonstrate that  
23          the initial clean coal facility captured and  
24          sequestered at least 50% of the total carbon  
25          emissions that the facility would otherwise emit  
26          or that sequestration of emissions from prior

1 years has failed, resulting in the release of  
2 carbon dioxide into the atmosphere, the owner of  
3 the facility must offset excess emissions. Any  
4 such carbon offsets must be permanent, additional,  
5 verifiable, real, located within the State of  
6 Illinois, and legally and practicably enforceable.  
7 The cost of such offsets for the facility that are  
8 not recoverable shall not exceed \$15 million in any  
9 given year. No costs of any such purchases of  
10 carbon offsets may be recovered from a utility or  
11 its customers. All carbon offsets purchased for  
12 this purpose and any carbon emission credits  
13 associated with sequestration of carbon from the  
14 facility must be permanently retired. The initial  
15 clean coal facility shall not forfeit its  
16 designation as a clean coal facility if the  
17 facility fails to fully comply with the applicable  
18 carbon sequestration requirements in any given  
19 year, provided the requisite offsets are  
20 purchased. However, the Attorney General, on  
21 behalf of the People of the State of Illinois, may  
22 specifically enforce the facility's sequestration  
23 requirement and the other terms of this contract  
24 provision. Compliance with the sequestration  
25 requirements and offset purchase requirements  
26 specified in paragraph (3) of this subsection (d)

1 shall be reviewed annually by an independent  
2 expert retained by the owner of the initial clean  
3 coal facility, with the advance written approval  
4 of the Attorney General. The Commission may, in the  
5 course of the review specified in item (vii),  
6 reduce the allowable return on equity for the  
7 facility if the facility wilfully fails to comply  
8 with the carbon capture and sequestration  
9 requirements set forth in this item (v);

10 (vi) include limits on, and accordingly  
11 provide for modification of, the amount the  
12 utility is required to source under the sourcing  
13 agreement consistent with paragraph (2) of this  
14 subsection (d);

15 (vii) require Commission review: (1) to  
16 determine the justness, reasonableness, and  
17 prudence of the inputs to the formula referenced in  
18 subparagraphs (A)(i) through (A)(iii) of paragraph  
19 (3) of this subsection (d), prior to an adjustment  
20 in those inputs including, without limitation, the  
21 capital structure and return on equity, fuel  
22 costs, and other operations and maintenance costs  
23 and (2) to approve the costs to be passed through  
24 to customers under the sourcing agreement by which  
25 the utility satisfies its statutory obligations.  
26 Commission review shall occur no less than every 3

1           years, regardless of whether any adjustments have  
2           been proposed, and shall be completed within 9  
3           months;

4           (viii) limit the utility's obligation to such  
5           amount as the utility is allowed to recover through  
6           tariffs filed with the Commission, provided that  
7           neither the clean coal facility nor the utility  
8           waives any right to assert federal pre-emption or  
9           any other argument in response to a purported  
10          disallowance of recovery costs;

11          (ix) limit the utility's or alternative retail  
12          electric supplier's obligation to incur any  
13          liability until such time as the facility is in  
14          commercial operation and generating power and  
15          energy and such power and energy is being delivered  
16          to the facility busbar;

17          (x) provide that the owner or owners of the  
18          initial clean coal facility, which is the  
19          counterparty to such sourcing agreement, shall  
20          have the right from time to time to elect whether  
21          the obligations of the utility party thereto shall  
22          be governed by the power purchase provisions or the  
23          contract for differences provisions;

24          (xi) append documentation showing that the  
25          formula rate and contract, insofar as they relate  
26          to the power purchase provisions, have been

1 approved by the Federal Energy Regulatory  
2 Commission pursuant to Section 205 of the Federal  
3 Power Act;

4 (xii) provide that any changes to the terms of  
5 the contract, insofar as such changes relate to the  
6 power purchase provisions, are subject to review  
7 under the public interest standard applied by the  
8 Federal Energy Regulatory Commission pursuant to  
9 Sections 205 and 206 of the Federal Power Act; and

10 (xiii) conform with customary lender  
11 requirements in power purchase agreements used as  
12 the basis for financing non-utility generators.

13 (4) Effective date of sourcing agreements with the  
14 initial clean coal facility. Any proposed sourcing  
15 agreement with the initial clean coal facility shall not  
16 become effective unless the following reports are prepared  
17 and submitted and authorizations and approvals obtained:

18 (i) Facility cost report. The owner of the  
19 initial clean coal facility shall submit to the  
20 Commission, the Agency, and the General Assembly a  
21 front-end engineering and design study, a facility  
22 cost report, method of financing (including but  
23 not limited to structure and associated costs),  
24 and an operating and maintenance cost quote for the  
25 facility (collectively "facility cost report"),  
26 which shall be prepared in accordance with the

1 requirements of this paragraph (4) of subsection  
2 (d) of this Section, and shall provide the  
3 Commission and the Agency access to the work  
4 papers, relied upon documents, and any other  
5 backup documentation related to the facility cost  
6 report.

7 (ii) Commission report. Within 6 months  
8 following receipt of the facility cost report, the  
9 Commission, in consultation with the Agency, shall  
10 submit a report to the General Assembly setting  
11 forth its analysis of the facility cost report.  
12 Such report shall include, but not be limited to, a  
13 comparison of the costs associated with  
14 electricity generated by the initial clean coal  
15 facility to the costs associated with electricity  
16 generated by other types of generation facilities,  
17 an analysis of the rate impacts on residential and  
18 small business customers over the life of the  
19 sourcing agreements, and an analysis of the  
20 likelihood that the initial clean coal facility  
21 will commence commercial operation by and be  
22 delivering power to the facility's busbar by 2016.  
23 To assist in the preparation of its report, the  
24 Commission, in consultation with the Agency, may  
25 hire one or more experts or consultants, the costs  
26 of which shall be paid for by the owner of the

1 initial clean coal facility. The Commission and  
2 Agency may begin the process of selecting such  
3 experts or consultants prior to receipt of the  
4 facility cost report.

5 (iii) General Assembly approval. The proposed  
6 sourcing agreements shall not take effect unless,  
7 based on the facility cost report and the  
8 Commission's report, the General Assembly enacts  
9 authorizing legislation approving (A) the  
10 projected price, stated in cents per kilowatthour,  
11 to be charged for electricity generated by the  
12 initial clean coal facility, (B) the projected  
13 impact on residential and small business  
14 customers' bills over the life of the sourcing  
15 agreements, and (C) the maximum allowable return  
16 on equity for the project; and

17 (iv) Commission review. If the General  
18 Assembly enacts authorizing legislation pursuant  
19 to subparagraph (iii) approving a sourcing  
20 agreement, the Commission shall, within 90 days of  
21 such enactment, complete a review of such sourcing  
22 agreement. During such time period, the Commission  
23 shall implement any directive of the General  
24 Assembly, resolve any disputes between the parties  
25 to the sourcing agreement concerning the terms of  
26 such agreement, approve the form of such

1 agreement, and issue an order finding that the  
2 sourcing agreement is prudent and reasonable.

3 The facility cost report shall be prepared as follows:

4 (A) The facility cost report shall be prepared by  
5 duly licensed engineering and construction firms  
6 detailing the estimated capital costs payable to one or  
7 more contractors or suppliers for the engineering,  
8 procurement and construction of the components  
9 comprising the initial clean coal facility and the  
10 estimated costs of operation and maintenance of the  
11 facility. The facility cost report shall include:

12 (i) an estimate of the capital cost of the core  
13 plant based on one or more front end engineering  
14 and design studies for the gasification island and  
15 related facilities. The core plant shall include  
16 all civil, structural, mechanical, electrical,  
17 control, and safety systems.

18 (ii) an estimate of the capital cost of the  
19 balance of the plant, including any capital costs  
20 associated with sequestration of carbon dioxide  
21 emissions and all interconnects and interfaces  
22 required to operate the facility, such as  
23 transmission of electricity, construction or  
24 backfeed power supply, pipelines to transport  
25 substitute natural gas or carbon dioxide, potable  
26 water supply, natural gas supply, water supply,

1 water discharge, landfill, access roads, and coal  
2 delivery.

3 The quoted construction costs shall be expressed  
4 in nominal dollars as of the date that the quote is  
5 prepared and shall include (1) capitalized financing  
6 costs during construction, (2) taxes, insurance, and  
7 other owner's costs, and (3) an assumed escalation in  
8 materials and labor beyond the date as of which the  
9 construction cost quote is expressed.

10 (B) The front end engineering and design study for  
11 the gasification island and the cost study for the  
12 balance of plant shall include sufficient design work  
13 to permit quantification of major categories of  
14 materials, commodities and labor hours, and receipt of  
15 quotes from vendors of major equipment required to  
16 construct and operate the clean coal facility.

17 (C) The facility cost report shall also include an  
18 operating and maintenance cost quote that will provide  
19 the estimated cost of delivered fuel, personnel,  
20 maintenance contracts, chemicals, catalysts,  
21 consumables, spares, and other fixed and variable  
22 operations and maintenance costs.

23 (a) The delivered fuel cost estimate will be  
24 provided by a recognized third party expert or  
25 experts in the fuel and transportation industries.

26 (b) The balance of the operating and

1 maintenance cost quote, excluding delivered fuel  
2 costs will be developed based on the inputs  
3 provided by duly licensed engineering and  
4 construction firms performing the construction  
5 cost quote, potential vendors under long-term  
6 service agreements and plant operating agreements,  
7 or recognized third party plant operator or  
8 operators.

9 The operating and maintenance cost quote  
10 (including the cost of the front end engineering  
11 and design study) shall be expressed in nominal  
12 dollars as of the date that the quote is prepared  
13 and shall include (1) taxes, insurance, and other  
14 owner's costs, and (2) an assumed escalation in  
15 materials and labor beyond the date as of which the  
16 operating and maintenance cost quote is expressed.

17 (D) The facility cost report shall also include (i)  
18 an analysis of the initial clean coal facility's  
19 ability to deliver power and energy into the applicable  
20 regional transmission organization markets and (ii) an  
21 analysis of the expected capacity factor for the  
22 initial clean coal facility.

23 (E) Amounts paid to third parties unrelated to the  
24 owner or owners of the initial clean coal facility to  
25 prepare the core plant construction cost quote,  
26 including the front end engineering and design study,

1           and the operating and maintenance cost quote will be  
2           reimbursed through Coal Development Bonds.

3           (5) Re-powering and retrofitting coal-fired power  
4           plants previously owned by Illinois utilities to qualify as  
5           clean coal facilities. During the 2009 procurement  
6           planning process and thereafter, the Agency and the  
7           Commission shall consider sourcing agreements covering  
8           electricity generated by power plants that were previously  
9           owned by Illinois utilities and that have been or will be  
10          converted into clean coal facilities, as defined by Section  
11          1-10 of this Act. Pursuant to such procurement planning  
12          process, the owners of such facilities may propose to the  
13          Agency sourcing agreements with utilities and alternative  
14          retail electric suppliers required to comply with  
15          subsection (d) of this Section and item (5) of subsection  
16          (d) of Section 16-115 of the Public Utilities Act, covering  
17          electricity generated by such facilities. In the case of  
18          sourcing agreements that are power purchase agreements,  
19          the contract price for electricity sales shall be  
20          established on a cost of service basis. In the case of  
21          sourcing agreements that are contracts for differences,  
22          the contract price from which the reference price is  
23          subtracted shall be established on a cost of service basis.  
24          The Agency and the Commission may approve any such utility  
25          sourcing agreements that do not exceed cost-based  
26          benchmarks developed by the procurement administrator, in

1 consultation with the Commission staff, Agency staff and  
2 the procurement monitor, subject to Commission review and  
3 approval. The Commission shall have authority to inspect  
4 all books and records associated with these clean coal  
5 facilities during the term of any such contract.

6 (6) Costs incurred under this subsection (d) or  
7 pursuant to a contract entered into under this subsection  
8 (d) shall be deemed prudently incurred and reasonable in  
9 amount and the electric utility shall be entitled to full  
10 cost recovery pursuant to the tariffs filed with the  
11 Commission.

12 (e) The draft procurement plans are subject to public  
13 comment, as required by Section 16-111.5 of the Public  
14 Utilities Act.

15 (f) The Agency shall submit the final procurement plan  
16 to the Commission. The Agency shall revise a procurement  
17 plan if the Commission determines that it does not meet the  
18 standards set forth in Section 16-111.5 of the Public  
19 Utilities Act.

20 (g) The Agency shall assess fees to each affected  
21 utility to recover the costs incurred in preparation of the  
22 annual procurement plan for the utility.

23 (h) The Agency shall assess fees to each bidder to  
24 recover the costs incurred in connection with a competitive  
25 procurement process.

26 (Source: P.A. 95-481, eff. 8-28-07; 95-1027, eff. 6-1-09;

1 96-159, eff. 8-10-09; 96-1437, eff. 8-17-10.)

2 (20 ILCS 3855/1-125)

3 Sec. 1-125. Agency annual reports. By December 1, 2011 and  
4 each December 1 thereafter, the ~~The~~ Agency shall report  
5 annually to the Governor and the General Assembly on the  
6 operations and transactions of the Agency. The annual report  
7 shall include, but not be limited to, each of the following:

8 (1) The quantity, price, and term of all contracts for  
9 electricity procured under the procurement plans for  
10 electric utilities.

11 (2) The quantity, price, and rate impact of all  
12 renewable resources purchased under the electricity  
13 procurement plans for electric utilities.

14 (3) The quantity, price, and rate impact of all energy  
15 efficiency and demand response measures purchased for  
16 electric utilities.

17 (4) The amount of power and energy produced by each  
18 Agency facility.

19 (5) The quantity of electricity supplied by each Agency  
20 facility to municipal electric systems, governmental  
21 aggregators, or rural electric cooperatives in Illinois.

22 (6) The revenues as allocated by the Agency to each  
23 facility.

24 (7) The costs as allocated by the Agency to each  
25 facility.

1 (8) The accumulated depreciation for each facility.

2 (9) The status of any projects under development.

3 (10) Basic financial and operating information  
4 specifically detailed for the reporting year and  
5 including, but not limited to, income and expense  
6 statements, balance sheets, and changes in financial  
7 position, all in accordance with generally accepted  
8 accounting principles, debt structure, and a summary of  
9 funds on a cash basis.

10 (11) The quantity, price, and rate impact of all  
11 renewable resources purchased pursuant to long-term  
12 contracts under the electricity procurement plans for  
13 electric utilities.

14 (Source: P.A. 95-481, eff. 8-28-07.)

15 Section 10. The Public Utilities Act is amended by changing  
16 Section 16-115D as follows:

17 (220 ILCS 5/16-115D)

18 Sec. 16-115D. Renewable portfolio standard for alternative  
19 retail electric suppliers and electric utilities operating  
20 outside their service territories.

21 (a) An alternative retail electric supplier shall be  
22 responsible for procuring cost-effective renewable energy  
23 resources as required under item (5) of subsection (d) of  
24 Section 16-115 of this Act as outlined herein:

1           (1) The definition of renewable energy resources  
2 contained in Section 1-10 of the Illinois Power Agency Act  
3 applies to all renewable energy resources required to be  
4 procured by alternative retail electric suppliers.

5           (2) The quantity of renewable energy resources shall be  
6 measured as a percentage of the actual amount of metered  
7 electricity (megawatt-hours) delivered by the alternative  
8 retail electric supplier to Illinois retail customers  
9 during the 12-month period June 1 through May 31,  
10 commencing June 1, 2009, and the comparable 12-month period  
11 in each year thereafter except as provided in item (6) of  
12 this subsection (a).

13           (3) The quantity of renewable energy resources shall be  
14 in amounts at least equal to the annual percentages set  
15 forth in item (1) of subsection (c) of Section 1-75 of the  
16 Illinois Power Agency Act. At least 60% of the renewable  
17 energy resources procured pursuant to items (1) through (3)  
18 of subsection (b) of this Section shall come from wind  
19 generation and, starting June 1, 2015, at least 6% of the  
20 renewable energy resources procured pursuant to items (1)  
21 through (3) of subsection (b) of this Section shall come  
22 from solar photovoltaics. If, in any given year, an  
23 alternative retail electric supplier does not purchase at  
24 least these levels of renewable energy resources, then the  
25 alternative retail electric supplier shall make  
26 alternative compliance payments, as described in

1 subsection (d) of this Section.

2 (4) The quantity and source of renewable energy  
3 resources shall be independently verified through the PJM  
4 Environmental Information System Generation Attribute  
5 Tracking System (PJM-GATS) or the Midwest Renewable Energy  
6 Tracking System (M-RETS), which shall document the  
7 location of generation, resource type, month, and year of  
8 generation for all qualifying renewable energy resources  
9 that an alternative retail electric supplier uses to comply  
10 with this Section. No later than June 1, 2009, the Illinois  
11 Power Agency shall provide PJM-GATS, M-RETS, and  
12 alternative retail electric suppliers with all information  
13 necessary to identify resources located in Illinois,  
14 within states that adjoin Illinois or within portions of  
15 the PJM and MISO footprint in the United States that  
16 qualify under the definition of renewable energy resources  
17 in Section 1-10 of the Illinois Power Agency Act for  
18 compliance with this Section 16-115D. Alternative retail  
19 electric suppliers shall not be subject to the requirements  
20 in item (3) of subsection (c) of Section 1-75 of the  
21 Illinois Power Agency Act.

22 (5) All renewable energy credits used to comply with  
23 this Section shall be permanently retired.

24 (6) The required procurement of renewable energy  
25 resources by an alternative retail electric supplier shall  
26 apply to all metered electricity delivered to Illinois

1 retail customers by the alternative retail electric  
2 supplier pursuant to contracts executed or extended after  
3 March 15, 2009.

4 (b) An alternative retail electric supplier shall comply  
5 with the renewable energy portfolio standards by making an  
6 alternative compliance payment, as described in subsection (d)  
7 of this Section, to cover at least one-half of the alternative  
8 retail electric supplier's compliance obligation and any one or  
9 combination of the following means to cover the remainder of  
10 the alternative retail electric supplier's compliance  
11 obligation:

12 (1) Generating electricity using renewable energy  
13 resources identified pursuant to item (4) of subsection (a)  
14 of this Section.

15 (2) Purchasing electricity generated using renewable  
16 energy resources identified pursuant to item (4) of  
17 subsection (a) of this Section through an energy contract.

18 (3) Purchasing renewable energy credits from renewable  
19 energy resources identified pursuant to item (4) of  
20 subsection (a) of this Section.

21 (4) Making an alternative compliance payment as  
22 described in subsection (d) of this Section.

23 (c) Use of renewable energy credits.

24 (1) Renewable energy credits that are not used by an  
25 alternative retail electric supplier to comply with a  
26 renewable portfolio standard in a compliance year may be

1 banked and carried forward up to 2 12-month compliance  
2 periods after the compliance period in which the credit was  
3 generated for the purpose of complying with a renewable  
4 portfolio standard in those 2 subsequent compliance  
5 periods. For the 2009-2010 and 2010-2011 compliance  
6 periods, an alternative retail electric supplier may use  
7 renewable credits generated after December 31, 2008 and  
8 before June 1, 2009 to comply with this Section.

9 (2) An alternative retail electric supplier is  
10 responsible for demonstrating that a renewable energy  
11 credit used to comply with a renewable portfolio standard  
12 is derived from a renewable energy resource and that the  
13 alternative retail electric supplier has not used, traded,  
14 sold, or otherwise transferred the credit.

15 (3) The same renewable energy credit may be used by an  
16 alternative retail electric supplier to comply with a  
17 federal renewable portfolio standard and a renewable  
18 portfolio standard established under this Act. An  
19 alternative retail electric supplier that uses a renewable  
20 energy credit to comply with a renewable portfolio standard  
21 imposed by any other state may not use the same credit to  
22 comply with a renewable portfolio standard established  
23 under this Act.

24 (d) Alternative compliance payments.

25 (1) The Commission shall establish and post on its  
26 website, within 5 business days after entering an order

1 approving a procurement plan pursuant to Section 1-75 of  
2 the Illinois Power Agency Act, maximum alternative  
3 compliance payment rates, expressed on a per kilowatt-hour  
4 basis, that will be applicable in the first compliance  
5 period following the plan approval. A separate maximum  
6 alternative compliance payment rate shall be established  
7 for the service territory of each electric utility that is  
8 subject to subsection (c) of Section 1-75 of the Illinois  
9 Power Agency Act. Each maximum alternative compliance  
10 payment rate shall be equal to the maximum allowable annual  
11 estimated average net increase due to the costs of the  
12 utility's purchase of renewable energy resources included  
13 in the amounts paid by eligible retail customers in  
14 connection with electric service, as described in item (2)  
15 of subsection (c) of Section 1-75 of the Illinois Power  
16 Agency Act for the compliance period, and as established in  
17 the approved procurement plan. Following each procurement  
18 event through which renewable energy resources are  
19 purchased for one or more of these utilities for the  
20 compliance period, the Commission shall establish and post  
21 on its website estimates of the alternative compliance  
22 payment rates, expressed on a per kilowatt-hour basis, that  
23 shall apply for that compliance period. Posting of the  
24 estimates shall occur no later than 10 business days  
25 following the procurement event, however, the Commission  
26 shall not be required to establish and post such estimates

1 more often than once per calendar month. By July 1 of each  
2 year, the Commission shall establish and post on its  
3 website the actual alternative compliance payment rates  
4 for the preceding compliance year. For compliance years  
5 beginning prior to June 1, 2014, each alternative  
6 compliance payment rate shall be equal to the total amount  
7 of dollars that the utility contracted to spend on  
8 renewable resources, excepting the additional incremental  
9 cost attributable to solar resources, for the compliance  
10 period divided by the forecasted load of eligible retail  
11 customers, at the customers' meters, as previously  
12 established in the Commission-approved procurement plan  
13 for that compliance year. For compliance years commencing  
14 on or after June 1, 2014, each alternative compliance  
15 payment rate shall be equal to the total amount of dollars  
16 that the utility contracted to spend on all renewable  
17 resources for the compliance period divided by the  
18 forecasted load of eligible retail customers, at the  
19 customers' meters, as previously established in the  
20 Commission-approved procurement plan for that compliance  
21 year. The actual alternative compliance payment rates may  
22 not exceed the maximum alternative compliance payment  
23 rates established for the compliance period. For purposes  
24 of this subsection (d), the term "eligible retail  
25 customers" has the same meaning as found in Section  
26 16-111.5 of this Act.

1           (2) In any given compliance year, an alternative retail  
2 electric supplier may elect to use alternative compliance  
3 payments to comply with all or a part of the applicable  
4 renewable portfolio standard. In the event that an  
5 alternative retail electric supplier elects to make  
6 alternative compliance payments to comply with all or a  
7 part of the applicable renewable portfolio standard, such  
8 payments shall be made by September 1, 2010 for the period  
9 of June 1, 2009 to May 1, 2010 and by September 1 of each  
10 year thereafter for the subsequent compliance period, in  
11 the manner and form as determined by the Commission. Any  
12 election by an alternative retail electric supplier to use  
13 alternative compliance payments is subject to review by the  
14 Commission under subsection (e) of this Section.

15           (3) An alternative retail electric supplier's  
16 alternative compliance payments shall be computed  
17 separately for each electric utility's service territory  
18 within which the alternative retail electric supplier  
19 provided retail service during the compliance period,  
20 provided that the electric utility was subject to  
21 subsection (c) of Section 1-75 of the Illinois Power Agency  
22 Act. For each service territory, the alternative retail  
23 electric supplier's alternative compliance payment shall  
24 be equal to (i) the actual alternative compliance payment  
25 rate established in item (1) of this subsection (d),  
26 multiplied by (ii) the actual amount of metered electricity

1 delivered by the alternative retail electric supplier to  
2 retail customers within the service territory during the  
3 compliance period, multiplied by (iii) the result of one  
4 minus the ratios of the quantity of renewable energy  
5 resources used by the alternative retail electric supplier  
6 to comply with the requirements of this Section within the  
7 service territory to the product of the percentage of  
8 renewable energy resources required under item (3) of  
9 subsection (a) of this Section and the actual amount of  
10 metered electricity delivered by the alternative retail  
11 electric supplier to retail customers within the service  
12 territory during the compliance period.

13 (4) All alternative compliance payments by alternative  
14 retail electric suppliers shall be deposited in the  
15 Illinois Power Agency Renewable Energy Resources Fund and  
16 used to purchase renewable energy credits, in accordance  
17 with Section 1-56 of the Illinois Power Agency Act.  
18 Beginning April 1, 2012 and by April 1 of each year  
19 thereafter, the Illinois Power Agency shall submit an  
20 annual report to the General Assembly, the Commission, and  
21 alternative retail electric suppliers that shall include,  
22 but not be limited to:

23 (A) the total amount of alternative compliance  
24 payments received in aggregate from alternative retail  
25 electric suppliers by planning year for all previous  
26 planning years in which the alternative compliance

1           payment was in effect;

2           (B) the amount of those payments utilized to  
3           purchased renewable energy credits itemized by the  
4           date of each procurement in which the payments were  
5           utilized; and

6           (C) the unused and remaining balance in the Agency  
7           Renewable Energy Resources Fund attributable to those  
8           payments.

9           (5) The Commission, in consultation with the Illinois  
10          Power Agency, shall establish a process or proceeding to  
11          consider the impact of a federal renewable portfolio  
12          standard, if enacted, on the operation of the alternative  
13          compliance mechanism, which shall include, but not be  
14          limited to, developing, to the extent permitted by the  
15          applicable federal statute, an appropriate methodology to  
16          apportion renewable energy credits retired as a result of  
17          alternative compliance payments made in accordance with  
18          this Section. The Commission shall commence any such  
19          process or proceeding within 35 days after enactment of a  
20          federal renewable portfolio standard.

21          (e) Each alternative retail electric supplier shall, by  
22          September 1, 2010 and by September 1 of each year thereafter,  
23          prepare and submit to the Commission a report, in a format to  
24          be specified by the Commission on or before December 31, 2009,  
25          that provides information certifying compliance by the  
26          alternative retail electric supplier with this Section,

1 including copies of all PJM-GATS and M-RETS reports, and  
2 documentation relating to banking, retiring renewable energy  
3 credits, and any other information that the Commission  
4 determines necessary to ensure compliance with this Section. An  
5 alternative retail electric supplier may file commercially or  
6 financially sensitive information or trade secrets with the  
7 Commission as provided under the rules of the Commission. To be  
8 filed confidentially, the information shall be accompanied by  
9 an affidavit that sets forth both the reasons for the  
10 confidentiality and a public synopsis of the information.

11 (f) The Commission may initiate a contested case to review  
12 allegations that the alternative retail electric supplier has  
13 violated this Section, including an order issued or rule  
14 promulgated under this Section. In any such proceeding, the  
15 alternative retail electric supplier shall have the burden of  
16 proof. If the Commission finds, after notice and hearing, that  
17 an alternative retail electric supplier has violated this  
18 Section, then the Commission shall issue an order requiring the  
19 alternative retail electric supplier to:

20 (1) immediately comply with this Section; and

21 (2) if the violation involves a failure to procure the  
22 requisite quantity of renewable energy resources or pay the  
23 applicable alternative compliance payment by the annual  
24 deadline, the Commission shall require the alternative  
25 retail electric supplier to double the applicable  
26 alternative compliance payment that would otherwise be

1 required to bring the alternative retail electric supplier  
2 into compliance with this Section.

3 If an alternative retail electric supplier fails to comply  
4 with the renewable energy resource portfolio requirement in  
5 this Section more than once in a 5-year period, then the  
6 Commission shall revoke the alternative electric supplier's  
7 certificate of service authority. The Commission shall not  
8 accept an application for a certificate of service authority  
9 from an alternative retail electric supplier that has lost  
10 certification under this subsection (f), or any corporate  
11 affiliate thereof, for at least one year after the date of  
12 revocation.

13 (g) All of the provisions of this Section apply to electric  
14 utilities operating outside their service area except under  
15 item (2) of subsection (a) of this Section the quantity of  
16 renewable energy resources shall be measured as a percentage of  
17 the actual amount of electricity (megawatt-hours) supplied in  
18 the State outside of the utility's service territory during the  
19 12-month period June 1 through May 31, commencing June 1, 2009,  
20 and the comparable 12-month period in each year thereafter  
21 except as provided in item (6) of subsection (a) of this  
22 Section.

23 If any such utility fails to procure the requisite quantity  
24 of renewable energy resources by the annual deadline, then the  
25 Commission shall require the utility to double the alternative  
26 compliance payment that would otherwise be required to bring

1 the utility into compliance with this Section.

2 If any such utility fails to comply with the renewable  
3 energy resource portfolio requirement in this Section more than  
4 once in a 5-year period, then the Commission shall order the  
5 utility to cease all sales outside of the utility's service  
6 territory for a period of at least one year.

7 (h) The provisions of this Section and the provisions of  
8 subsection (d) of Section 16-115 of this Act relating to  
9 procurement of renewable energy resources shall not apply to an  
10 alternative retail electric supplier that operates a combined  
11 heat and power system in this State or that has a corporate  
12 affiliate that operates such a combined heat and power system  
13 in this State that supplies electricity primarily to or for the  
14 benefit of: (i) facilities owned by the supplier, its  
15 subsidiary, or other corporate affiliate; (ii) facilities  
16 electrically integrated with the electrical system of  
17 facilities owned by the supplier, its subsidiary, or other  
18 corporate affiliate; or (iii) facilities that are adjacent to  
19 the site on which the combined heat and power system is  
20 located.

21 (Source: P.A. 96-33, eff. 7-10-09; 96-159, eff. 8-10-09;  
22 96-1437, eff. 8-17-10.)

23 Section 99. Effective date. This Act takes effect upon  
24 becoming law.