The Climate and Equitable Jobs Act

Jobs and Economic Justice Summary

2022 Summer Study on Energy Efficiency in Buildings



August 23, 2022Public Act 102-0662





Anne McKibbin & Delmar Gillus Elevate





Illinois just passed the nation's most equitable and comprehensive climate action legislation. After three years of advocacy and decades of building power for people and the environment, Illinois finally put the needs of people and the planet over the demands of fossil fuel interests.



A COMPREHENSIVE APPROACH



Jobs & Economic Justice



Carbon-Free Power



Renewable Energy



Electric Transportation



Inclusive Financing



Just Transition for Fossil Fuel Communities



Energy Efficiency



Utility Accountability, Grid Planning, and Low-income Relief





BY THE NUMBERS

\$82M/YR

Investment in workforce development and contractor equity programs

\$41 M/YR

Investment per year in former fossil fuel communities and workers

\$380M/YR

Investment in new renewable energy

100%

Carbon-free power sector by 2045, with interim steps

50%

Renewable energy by 2040

1,000,000

Electric vehicles in Illinois by 2030

EQUITY AT THE CENTER

40%

Of the benefits and investments in solar power, electric vehicles, and the grid must go to equity investment eligible communities and persons





JOBS AND ECONOMIC JUSTICE

A Community-Centric Approach





Equitable Workforce Definition

In an equitable workforce, race, ethnicity, gender, and other demographic characteristics no longer predict one's outcomes in the labor market. All people have equitable access to jobs that are safe, pay a living wage, offer benefits, provide career pathways, and opportunities for mobility. The workforce – both public and private – is representative of the general population at all different levels of skill and pay across occupational groups and sectors.

Our strategies are systemic so that equity is permanent.

- Adrian Esquivel (Chicagoland Workforce Funder Alliance)







DEFINING EQUITY ELIGIBLE COMMUNITIES

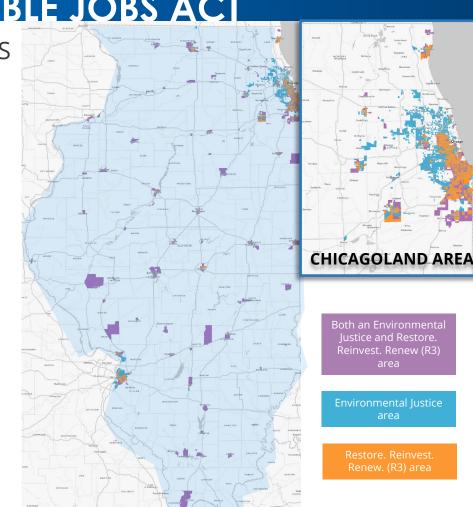
Throughout the new law, the Climate and Equitable Jobs Act Equity targets consideration and explicit benefits to newly-defined Equity Eligible Persons and Equity Eligible Communities which are, among other criteria, residents of Environmental Justice or R3 areas.

Environmental Justice Communities

Environmental Justice Communities are communities that have been identified by through a calculation utilizing the U.S. EPA tool EJ Screen and a demonstrated higher risk of exposure to pollution based on environmental and socioeconomic factors.

Restore. Reinvest. Renew. (R3) Areas

R3 areas are communities that have been harmed by violence, excessive incarceration, and economic disinvestment, as originally defined for eligibility for R3 grants under Illinois' cannabis law.





WORKFORCE TRAINING PROGRAMS

CLEAN JOBS WORKFORCE HUBS

If you want to get trained for clean energy careers: 13 workforce hubs across the state, run by community-based organizations, to provide clean jobs training and a career pipeline for equity eligible individuals (Managed by DCEO, up to \$21 million/yr).

ILLINOIS CLIMATE WORKS PREAPPRENTICESHIP PROGRAM

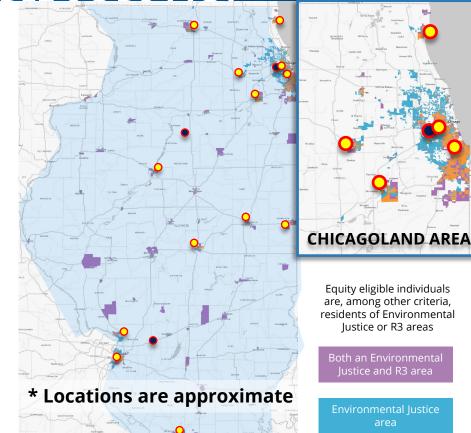
If you want to enter union training programs: Trains equity eligible individuals for careers in clean energy sector construction and building trades (Managed by DCEO, up to \$10 million/yr).

RETURNING RESIDENTS CLEAN JOBS TRAINING PROGRAM

Trains soon-to-be-released people who are incarcerated for jobs in the solar and efficiency sectors (Managed by IDOC, up to \$6 million/yr).

ENERGY TRANSITION BARRIER REDUCTION PROGRAM

Provides resources for publicity, placement and retention to break down barriers to participation in training programs (Managed by DCEO, up to \$21M/yr). Additionally, Energy Transition Navigators will provide education, outreach, and recruitment for participation in workforce development programs (Managed by DCEO, up to \$6M/yr).



Equity eligible individuals are, among other criteria, residents of Environmental Justice or R3 areas

Justice and R3 area

Environmental Justice



CONTRACTOR DEVELOPMENT

CLEAN ENERGY CONTRACTOR INCUBATOR PROGRAM

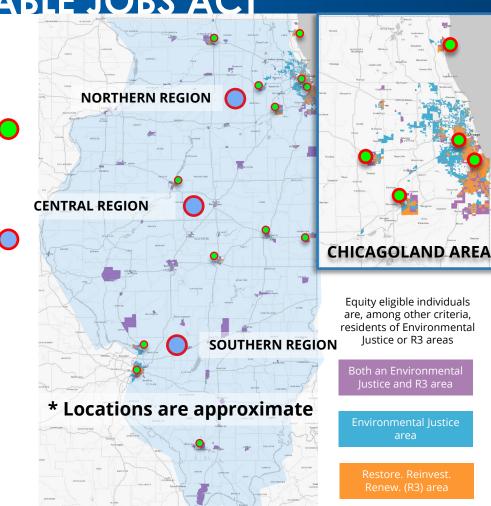
If you want to subcontract on clean energy projects: 13 contractor incubators across the state to provide training, mentorship, and recruitment opportunities for small clean energy businesses and contractors (Managed by DCEO, up to \$21M /yr).

CLEAN ENERGY PRIMES CONTRACTOR ACCELERATOR

If you want to be a prime contractor on clean energy projects: A program for contractors seeking to expand their capacity and fill the role of prime contractor on clean energy projects. The Accelerator offers a structured five-year program with mentorship, operation support grants, business coaching, and assistance applying for certifications, procurement programs, and preparing bids. Cohorts are accepted every 18 months. The program will be operated in three regions: Northern Illinois, Central Illinois, and Southern Illinois (Managed by DCEO, up to \$9M/yr).

PREVAILING WAGE SUPPORT

To address administrative barriers for small clean energy businesses, the Department of Labor will assist contractors with prevailing wage payroll administrative burdens.





HOW TO GET INVOLVED (EQUITABLE WORKFORCE AND CONTRACTOR DEVELOPMENT)

KEY AGENCIES / POLICY VENUES

Department of Commerce and Economic Opportunity (DCEO)

- DCEO is responsible for developing most of the equitable workforce and contractor development programs, energy navigators, and the barrier reduction program.
- DCEO will hire Regional Administrators to manage the workforce hubs, contractor incubators, and the prime contractor accelerator.

Illinois Department of Corrections (IDOC)

• DCEO will work with IDOC to develop the returning residents job training program.

KEY TIMELINES

- DCEO to set Energy Transition Assistance Budget by Nov. 14, 2021.
- Energy Transition Assistance Charge filed at Illinois Commerce Commission by Nov. 29 (begins 1/1/22).
- Supplemental Budget passed by General Assembly to support programs in Energy Transition Act.
- DCEO to select 3 Regional Administrators, 13
 Workforce Hub sites, 3 preapprenticeship sites, 13
 contractor incubator sites.
- DCEO to hold 30-day comment period on Primes Program implementation, select leads.
- DCEO to contract with community-based providers to serve as Energy Transition Navigators.
- DCEO to work with IDOC to develop returning residents job training program.

Important Observations and Lessons Learned from CEJA



High growth industries like Clean Energy have high potential for successful outcomes



It is important to center equity upfront. "You need an equitable process for equitable outcomes



Focusing on Jobs and Retention is critical

- Project approval and incentives are tied to equity provisions
- Establishing 'networks to connect worker, jobs, and training providers
- Robust metrics and reporting



Progress has been made, but there is still work to be done between organized labor and communities of color on expectations, outcomes, access, and inclusion



Its not just about training – our future workforce needs support systems





Important Observations and Lessons Learned from CEJA



Address long-standing processes that limit access and create in-equity



Support the government agencies responsible for program implementation



Accountability

- Prioritize Metrics You can't fix what you can't measure
- Reporting Actuals vs. Expectations need to be regularly published
- Accountability Train, coach, and support first then consequences



Address just transition issues for displaced workers as the economy shifts



Work Together – Start with areas of common understanding and build from there





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Additional CEJA Provisions



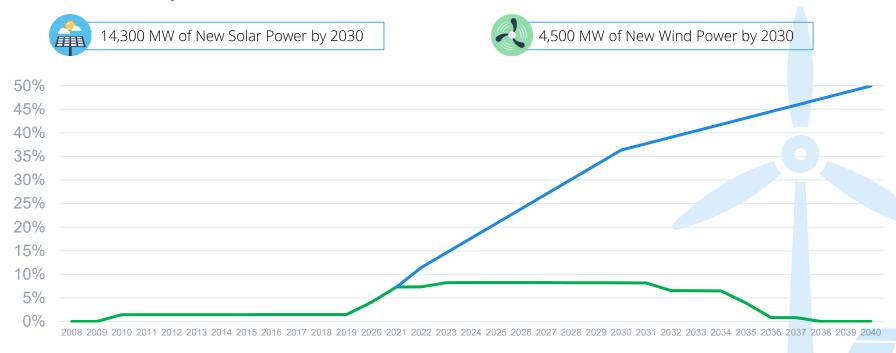
RENEWABLE ENERGY

CLIMATE AND EQUITABLE JOBS ACT



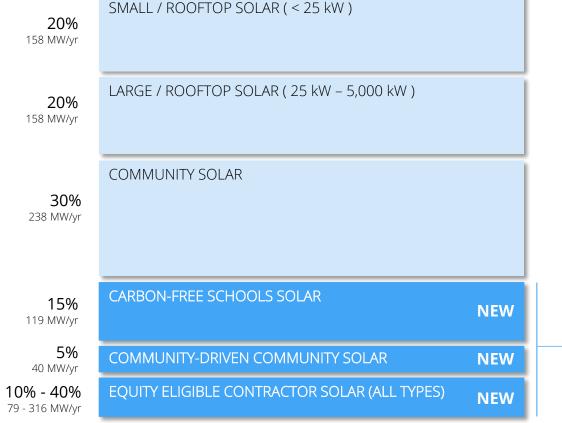


Fixes the "Solar Cliff," and Increases Renewable Energy to **50%** of electricity in Illinois by 2040.





Adjustable Block Program



NEW SOLAR PROGRAMS

The Climate and Equitable Jobs Act includes three new solar programs in the Adjustable Block Program, to provide targeted incentives to portions of the market that have difficulty accessing traditional solar incentives.

CARBON-FREE SCHOOLS SOLAR

Solar projects located at public schools, with a priority for under-resourced Tier 1 and Tier 2 schools, to support building decarbonization.

COMMUNITY-DRIVEN COMMUNITY SOLAR

Community Solar projects that have substantial community involvement, benefits, and ownership.

EQUITY ELIGIBLE CONTRACTOR SOLAR

Solar projects led by equity eligible contractors, that can be of any adjustable block program category (small, large, community, schools, community-driven).



The Climate and Equitable Jobs increases the size of the Illinois Solar for All program to **\$50 million / yr**. The new law also requires the coordination of the Solar for All program with energy efficiency programs, job training programs, and other efforts, simplifies applications and processes, and ensures statewide deployment.

35%

- Low-income singlefamily and small multifamily solar.
- Reserves a portion for projects that promote energy sovereignty.

40%

- Low-income community solar.
- Companies must commit to hiring job trainees for a portion.
- Reserves a portion for projects that promote energy sovereignty.

25%

- Low-income large multifamily solar.
- Companies must commit to hiring job trainees for a portion.
- Reserves a portion for projects that promote energy sovereignty.



The Climate and Equitable Jobs creates new incentives for adding energy storage to solar systems to reduce grid costs, better integrate renewable energy, and to increase resiliency.

\$250/kWh

- For commercial customers.
- For storage paired with solar.
- Must participate in dynamic pricing or flexibility programs.



\$300/kWh

- For residential customers.
- For storage by itself, whether or not it is paired with solar.
- Must participate in dynamic pricing or flexibility programs.



New Equity and Labor Standards

The Climate and Equitable Jobs puts new equity and labor requirements on renewable energy projects.

Equity Standards

- Requires 10% of work on renewable energy projects be done by equity eligible persons or contractors.
 That increases to 40% by 2030.
- Carves out a 10% of solar funding for equity eligible contractors. That increases to 40% over time.

Labor Standards

- Prevailing wage for all projects except residential and houses of worship under 100 kW.
- Project Labor Agreements (collective bargaining agreements between trade unions and contractors) required for utility-scale solar and wind projects, and brownfield solar projects.



Helping Renewable Energy Connect to the Grid

The Climate and Equitable Jobs Act seeks to streamline the process for connecting renewable energy to the grid, and expand power transmission to incorporate the expected development of renewable energy.

Interconnection

- Creates an Interconnection Working Group to meet regularly to address a wide range of issues and challenges that arise in the process of interconnecting renewables to the electricity grid.
- Creates a performance metric for utilities to improve interconnection timing.

Transmission Planning

 Requires Illinois Commerce Commission to plan for and create zones for transmission expansion in anticipation of renewable energy development, in order to help lower costs, reduce carbon and generally support Illinois energy goals and advocate for its interests and goals at the regional transmission organizations.



HOW TO GET INVOLVED (RENEWABLE ENERGY)

KEY AGENCIES / POLICY VENUES

Illinois Power Agency (IPA)

 The Illinois Power Agency is responsible for implementing the renewable energy portions of CEJA.

https://www2.illinois.gov/sites/ipa/

KEY TIMELINES

- IPA holding lunch-time "Power Hour" Webinars to help people understand CEJA through December.
- IPA taking stakeholder comment on program reopening comments due **November 4**.
- IPA reopens solar programs **December 14, 2021**.
- IPA to file a supplemental procurement plan for utility-scale solar and wind by **December 14, 2021**.
- ICC will establish an Interconnection Working Group by **December 14, 2021.**
- IPA to file a new Long-Term Renewable Resources
 Procurement Plan by January 13, 2022 that will
 define how programs will be implemented going
 forward. Stakeholders can intervene to make
 comments on the filed plan.

INCLUSIVE FINANCING

CLIMATE AND EQUITABLE JOBS ACT





Inclusive financing for clean energy businesses

The Climate and Equitable Jobs Act creates new financing resources to support equity eligible contractors and diverse communities.

Jobs and Environmental Justice Grant Program

\$34 million/yr

- Seed capital grants up to \$1 million.
- Clean Energy Contractor Incubator and Prime Contractor participants.
- Helps black and brown businesses gain a foothold in the clean energy market.

Clean Energy Jobs and Justice Fund

- Nonprofit green bank.
- Focused on equitable lending and business development.
- Seeded at \$1 million/yr to raise additional private funds.

Illinois Finance Authority Climate Bank

- Designates the Illinois Finance Authority as a climate bank.
- Allows the IFA to aid clean energy and climate resilience efforts.



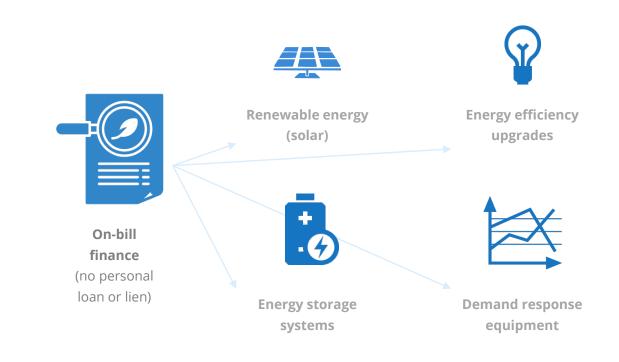
Inclusive financing to increase energy access

The Climate and Equitable Jobs Act creates new on-bill financing to help residents and businesses afford clean energy adoption.

Equitable Energy Upgrade Program

Starting at \$20 million/yr

- "Pay as You Save" program that allows customers to finance energy upgrades through their utility bills.
- Owners and renters of properties are eligible.
- Projects must be costeffective and reasonably expected to ensure customer savings.





HOW TO GET INVOLVED (INCLUSIVE FINANCING)

KEY AGENCIES / POLICY VENUES

Department of Commerce and Economic Opportunity (DCEO)

 The Department of Commerce and Economic Opportunity is responsible for administering the Jobs and Environmental Justice Grant Program and seeding the Clean Energy Jobs and Justice Fund.

Illinois Commerce Commission (ICC)

 The Illinois Commerce Commission is responsible for overseeing the utility Equitable Energy Upgrade Programs.

Illinois Finance Authority (IFA)

• The Illinois Finance Authority is established as the state's Green Bank.

KEY TIMELINES

- The Governor will appoint the board of the Clean Energy Jobs and Justice Fund.
- DCEO will be developing the application process for the Jobs and Environmental Justice Grant Program in 2021 and early 2022.
- The ICC will hold a workshop prior to June 12, 2022 for the utility Equitable Energy Upgrade Programs in order to establish guidelines and program requirements.
- In late 2022, utilities will file plans to implement the Equitable Energy Upgrade Programs.

ENERGY EFFICIENCY

CLIMATE AND EQUITABLE JOBS ACT





Expands Energy Efficiency

The Climate and Equity Jobs Act extends energy efficiency programs past 2030, expands goals, and makes important changes to support low-income homes.





Stretch Energy Code

 Directs the Capital Development Board (CDB) to establish a Stretch Energy Code that would allow municipalities, if they choose, to adopt a residential and commercial building code with higher energy efficiency outcomes that the statewide base code.



 The Stretch Energy Code would also apply to all projects funded by CDB.



The Climate and Equitable Jobs requires utilities to demonstrate how they will ensure that contractors and vendors promote workforce equity and quality jobs.

Data collection

- Quarterly reporting on contractors and vendors
- Utilities provide education, training, and other resources needed to ensure compliance.
- Annual report on hiring, contracting, job training, and other practices related to employee and vendor diversity.

Adjustment

 If utilities are not making progress on workforce equity among contractors and vendors, they must submit a plan to meet the requirements within the following year.



HOW TO GET INVOLVED (ENERGY EFFICIENCY)

KEY AGENCIES / POLICY VENUES

Illinois Commerce Commission (ICC)

• The Illinois Commerce Commission is responsible for approving utility energy efficiency plans.

Low-income energy efficiency accountability committee

 A committee with a focus on bringing in input from organizations and others working with EJ and equity investment eligible communities

KEY TIMELINES

- The ICC will be establishing new cumulative energy savings goals for years 2031 through 2035 for the utilities before **December 31, 2021**.
- The utilities may be filing revised energy efficiency plans at the ICC in the coming months.
- The low-income energy efficiency accountability committee is seeking organizations working with EJ and equity investment eligible communities to get involved.

CARBON-FREE POWER

CLIMATE AND EQUITABLE JOBS ACT





Sets a hard timeline to close polluting plants



- · Private oil plants close
- Dirtiest private plants in EJ/equity communities close
- All remaining private gas plants in EJ/Equity communities reduce emissions by 50%

• All public coal plants must reduce emissions by half.

2040

 All remaining gas plants with a heat rate > 7000 BTU/kWh close

2025 2030 2035

- 3 private coal plants closing by 2022
- 2 private coal plants closing by 2025
- 2 private coal plants closing by 2027

- All remaining private plants in EJ/Equity communities close
- Existing private gas plants must reduce emissions by 50%, and not run more than 6 hrs/day average

 All remaining private gas plants close

All public coal and gas plants close

2045

All CHP/CoGen units close



KEY AGENCIES / POLICY VENUES

Illinois Environmental Protection Agency (IEPA)

 The Illinois Environmental Protection Agency is responsible for establishing air pollution rules to eliminate emissions from power plants according to the statutory timeline.

KEY TIMELINES

 In 2025, the Illinois Power Agency and IEPA will investigate whether the grid operator has concluded that a resource adequacy shortfall or reliability violation will occur due to plant closures, and will file a report and remediation plan at the ICC for approval if they have such a finding.

ELECTRIC TRANSPORTATION

CLIMATE AND EQUITABLE JOBS ACT





Gets 1 million electric vehicles on the road by 2030



Authorizes the state to create a \$4,000/vehicle rebate for purchasing an electric vehicle.



Provides a rebate to cover up to

80% of the cost of installing charging stations



Requires utilities to file Beneficial
Electrification plans to support electrification and manage grid impacts of charging.
Starting at \$41 m/yr, with at least 40% in equity communities.

EV @ IEPA

Creates an EV
Coordinator at IEPA to
oversee EV investments
from the capital bill
(~\$70 million), the
VW settlement
(~\$70 million), and to
plan and oversee EV
rebates and charging
station rebates.



KEY AGENCIES / POLICY VENUES

Illinois Environmental Protection Agency (IEPA)

• The Illinois Environmental Protection Agency is responsible for hiring an EV Coordinator, providing EV rebates, and a charging rebate.

Illinois Commerce Commission

 The Illinois Commerce Commission is responsible for conducting a stakeholder process for Beneficial Electrification plan development, and reviewing and approving utility-filed Beneficial Electrification Plans.

KEY TIMELINES

- The ICC is holding its Beneficial Electrification stakeholder process from November 2021 – February 2022.
- After an ICC report, the utilities will file Beneficial Electrification Plans by July 1, 2022, which will be litigated at the ICC.
- The Governor will appoint an EV Coordinator at IEPA, which must be confirmed by the Senate (Spring 2022).
- IEPA charging station rebates start July 1, 2022.
- IEPA vehicle rebates start July 1, 2022.
- Utility Beneficial Electrification plan investments start January 1, 2023.

JUST TRANSITION FOR COAL COMMUNITIES

CLIMATE AND EQUITABLE JOBS ACT





Supports former fossil fuel communities and workers



Provides \$40 million/yr for Energy Transition Community Grants, available to communities with closed or closing power plants or coal mines.



Establishes an Energy Transition
Workforce Commission to study
and report on workforce,
community, revenue,
environmental, and economic
impacts of plant and mine closures
on their communities.



Provides \$1.1 million/yr for a
Displaced Energy Worker
Dependent Transition Scholarship
program, which offers one-year
full-time scholarships to a statesupported college or university for
the children of displaced workers
who demonstrate need.



Displaced Energy Workers Bill of Rights

The Climate and Equitable Jobs Act requires all DCEO to ensure new benefits for coal plants and coal mine workers when closing.



Advance notice of power plant or mine closure



Notifying workers of programs available to assist them



Employment assistance



Career Services



Financial Planning Services



KEY AGENCIES / POLICY VENUES

Department of Commerce and Economic Opportunity (DCEO)

 The Illinois Department of Commerce and Economic Opportunity is responsible for administering the Just Transition Programs.

KEY TIMELINES

- The Governor and legislative leaders will appoint representatives to the Energy Transition Workforce Commission in **Spring 2022**.
- By September 15, 2022 (and each year thereafter), the Energy Transition Workforce Commission shall report on metrics, impact, and recommendations for the future of Just Transition programs in the Act.

UTILITY ACCOUNTABILITY, GRID PLANNING, RATES

CLIMATE AND EQUITABLE JOBS ACT





New ethics requirements and oversight for ALL utilities

The Climate and Equitable Jobs Act creates unprecedented new ethics and transparency requirements for utilities.

New ethics oversight from the Illinois Commerce Commission

- New Ethics and Accountability Division
- New Public Utility Ethics and Compliance Monitor at ICC
- 30-day notice of ethics violations and recommended disciplinary action
- Develop additional ethics controls for utilities
- Publish annual ethics audit of all actions taken
- Monitoring, auditing, and subpoena power

New requirements on <u>all</u> public utilities (electric and gas utilities)

- Create Chief Ethics and Compliance Officer
- New code of ethical conduct for utilities personnel, lobbyists, and vendors
- Monitoring of lobbyist activities
- Prohibits subcontracting to hide lobbyists
- Requires lobbyists to document all work
- Requires documentation of anything of value provided or discussed with public officials
- Fines and penalties if non-compliant



Support for low-income ratepayers

The Climate and Equitable Jobs Act works to lower rates and bills for low-income households and protect consumers.



Prohibits late-payment fees for low-income customers



Prohibits deposit requirements for low-income customers



Prohibits credit card fees for all customers



Requires ICC to study establishing a low-income discount rate



New reporting requirements on disconnections and credit and collections practices



Establishes new goals and requirements for utility spending

The Climate and Equitable Jobs Act, with new oversight from the Illinois Commerce Commission, establishes new goals and objectives for the state's electric utilities, and creates new processes to ensure investments align with state goals.

1 Maintain and improve service reliability

Decarbonize utility systems while ensuring affordability

Support achievement of Illinois' clean energy policies

4 Choose cost-effective assets and services

5 Maintain affordability

6 Maintain and grow a diverse workforce/suppliers

7 Improve customer service

Address burdens faced by EJ and equity investment eligible communities

9 Increase diverse contractor participation



Performance Metrics, Grid Planning, and Rates

The Climate and Equitable Jobs Act **eliminates Formula Rates**, and creates new oversight from the Illinois Commerce Commission to establish performance metrics, require unprecedented data and engagement on grid planning, and advance approval of rates.

Commission establishes up to 8 performance metrics for utilities

Commission stakeholder process for utility Integrated Grid Plan development

Workshop report and Public Comment

Commission reviews utility-filed Multi-Year Integrated Plans to determine whether they meet the goals of the law.

Commission reviews utility-filed Multi-Year Rate Plans to ensure they are consistent with the Integrated Grid Plans. New 4-year Multi-Year Rate Plans go into effect

2022

2023

2024 ----



GET INVOLVED (UTILITY ACCOUNTABILITY, GRID PLANNING, RATES)

KEY AGENCIES / POLICY VENUES

Illinois Commerce Commission (ICC)

 The Illinois Commerce Commission is directly responsible for overseeing new utility ethics compliance, low-income customer support, and grid planning and rate development.

KEY TIMELINES

- Utilities must cease deposit requirements and late fees for low-income customers, and credit card fees immediately.
- The ICC will establish its new division of Ethics and Accountability by November 14, 2021.
- Utilities will implement new ethics requirements by November 14, 2021.
- The ICC will establish performance metrics for utilities in a proceeding starting in January 2022.
- The ICC will hold workshops on the utility's Integrated Grid Plans starting in January 2022.
- The ICC will have litigated proceedings on the utilities' Integrated Grid Plans and Rate Plans starting in January 2023.



Intervenor Compensation at the Illinois Commerce Commission

Want to get involved in cases before the Illinois Commerce Commission, but lack the resources? For the first time, the Climate and Equitable Jobs Act provides funding for consumer interest representatives involved in utility cases.

1 Must be or represent a group or organization focused on residential utility

customers, or that

address the welfare

of Illinois residents

Must provide testimony or legal briefing/argument in a case related to utility service.

Participation causes a financial hardship.

The Commission must adopt a material recommendation related to a significant issue in the case.

Intervenor Compensation Covers:

Reasonable attorney's or advocate's fees, expert witness fees, other reasonable costs. Not food or travel.