

Mission Statement - Energy/Environment/Sustainability Subcommittee

Any discussion of economic development today, must consider the effects upon energy, the environment and sustainability. With that guidance, the purpose of this subcommittee is to recommend policies that incent economic growth, decrease unemployment, attract new business enterprises, strengthen and retain existing business enterprises and ensure long term economic stability while protecting the integrity of the environment.

This will be accomplished through:

- **Study of policies in these areas enacted elsewhere that have provided rapid economic recovery**
- **Analysis of existing State of Illinois policies in these areas that are impacting economic growth opportunities**

Introduction:

In August 2007, Illinois adopted a statewide renewable energy standard requiring the State's utilities to produce at least 25 percent of their power from renewable sources by 2025. Seventy-five percent of the electricity used to meet the renewable standard must come from wind; other eligible sources include solar, biomass, and existing hydroelectric power.

Moreover, sustainable energy is often not produced near the consumption source. Therefore, energy transmission infrastructure is imperative in the transportation of "green" energy to the areas of need. The State's transmission system has not been upgraded in 50+ years. Thus, the current system simply is incapable of transporting wind energy from Central Illinois and the Midwest to the necessary metropolitan areas.

In addition, the 2007 law also included an energy efficiency portfolio standard that requires utilities to implement cost-effective energy efficiency measures to reduce electric usage by 2 percent annually until 2015. In order to reach this goal, the Illinois Commerce Commission allotted for a dedicated charge on the bills of the rate payers to subsidize energy efficiency programs.

The energy distribution companies (Ameren and ComEd) utilize these funds to provide incentives to customers who reduce their energy consumption. Most often, these incentives come in the form of rebates to the customer after the work is completed. However, residential and commercial customers must have the initial capital to complete the energy efficiency upgrades in order to receive the incentives.

Subcommittee Work:

Over the past 8 weeks, our group held weekly conference calls and meeting to discuss the progress towards both of the above State goals. As part of the meetings, we heard from expert speakers in both the public and private sectors. It is our groups' belief that the State simply will not be able to meet these goals without addressing a few vital areas of concern. More importantly, in addressing these concerns, the State will not only meet its energy generation and efficiency goals, but also create jobs, business opportunities, and income.

Potential Actions for Economic Recovery

Area #1 : Power Generation

Wind:

Problem: Critical in the success of wind power is aggressive and consistent action on the part of the state executive and legislative branches. Illinois has many advantages and also several obstacles to success with wind power and related manufacturing. Illinois's single greatest disadvantage compared to other states is a lackluster business development program coupled with an historic lack of executive branch focus. Illinois is getting out-worked and out-sold in terms of wind power promotion by neighboring states with more aggressive governors and legislatures.

Solution: Gubernatorial and legislative support for all things wind through mandates, executive orders, and legislation (S).

Problem: Currently, property taxes on land, as well as infrastructure, owned by wind generation companies are determined through Public Act 095-0644 as it applies to the standard state-wide method of valuation of wind energy devices. The Public Act is set to expire in 2011 leaving an uncertainty for current and future companies with respect to taxes. Property tax rates will potentially vary widely by both county and over time within the same county. Illinois already has one of the nation's highest property tax rates on wind farms. Combining this high rate with the additional element of uncertainty for even higher property taxes leaves the State at a server disadvantage compared to other Midwestern states.

Solution: Extend Public Act 095-0644 past 2011(S)

Problem: Illinois is one of few states that charges sales/use tax on wind energy equipment. 40 other states, including all adjacent states, exempt wind energy equipment from sales/use tax. This lack of exemption essentially means that Illinois wind energy projects have a 6.25% higher cost of materials compared to competitive states.

Solution: A uniform state-wide sales/use tax exemption should be adopted for wind energy equipment. This will eliminate a competitive disadvantage of Illinois when compared to our neighboring states (S).

Nuclear:

Problem:

Solution: End the nuclear moratorium and add nuclear energy to the 2025 energy goals. (S)

Problem:

Solution: Support the construction of new Generation III nuclear capacity and upgrading of older Generation II reactors. (M)

Problem:

Solution: Look into possibly building the first US Generation IV reactor. (L)

Problem:

Solution: Look into medium-to-long-term nuclear waste solutions, in state. (M)

Problem:

Solution: Incentivize more research in basic energy science, material science, and nano science. (M)

Potential Actions for Economic Recovery

Area #2 : Energy Transmission

Extra High Voltage Transmission Infrastructure

Problem: The lack of and current status of extra high voltage transmission infrastructure is affecting additional wind development in Illinois and the Midwest. Without the upgrades or construction of new lines, the State will not be able to meet its 2025 goal.

Solution: Upgrade or build new Extra High Voltage transmission infrastructure (S)

Area #3: Energy Distribution and Efficiency

Energy Efficiency Projects

Problem: While the rate payers in Illinois pay for the energy efficiency programs, not enough certified and licensed engineers and laborers are available to complete the upgrading and retrofitting projects. In fact, ComEd has a waiting list of over 1900 customers with projects that need implementation.

Solution: Create a task force within IDES which will screen unemployed residents for skill sets? Need help here.....

Problem: Even with the State legislation in place, the State, as well as other public entities, have not undergone retrofitting projects to decrease energy usage (S)

Solution: Encourage the public entities to become the example of energy efficiency by reducing their overall load

Energy Efficiency Incentives and Financing

Problem: Many of the energy efficiency projects result in a rebate from the electric companies. Meaning, once a light bulb is changed and the electrical demand has decreased, the corporation will receive a rebate for the increase in efficiencies. However, what happens when a business or residential customer does not have the start up money to finance the project?

Solution: Create financial products that lead to a “green” portfolio (S)