Putting Consumers & Climate First

Governor Pritzker's Eight Principles for a Clean & Renewable Illinois Economy

August 21, 2020

The need for comprehensive energy reform in Illinois has never been greater. Over the last century the burning of fossil fuels has increased the concentration of atmospheric carbon dioxide, which causes the surface temperature of the Earth to rise. Temperatures in Illinois have risen approximately 1°F since the beginning of the 20th century. Floods are becoming more frequent, and ice cover on the Great Lakes is forming later or melting sooner. In the coming decades, the state will have more extremely hot days, which may harm public health in urban areas and corn harvests in rural areas.

Illinoisans are experiencing unacceptable levels of pollution, record flooding, and the biggest public health crisis in a century. More frequent flooding and droughts are hurting our vulnerable agricultural sector, and communities of color across the state are disproportionately experiencing the impacts of climate change. That's why in his first days in office, Governor Pritzker signed an Executive Order joining the U.S. Climate Alliance, a coalition of states dedicated to meeting the goals of the Paris Agreement and leading efforts against climate change.

The urgent need to address climate change and create jobs means that now is the time to transition to a clean energy economy. We intend to put Illinois on a path to becoming a national and global leader on clean energy production, and to do so we must significantly expand renewable energy, invest in battery storage, aggressively reduce statewide carbon emissions, and decarbonize the transportation and industrial sectors. **We will become the best state in the country for electric vehicle producers and consumers.** Importantly, we must support Illinois communities that are moving toward a clean energy economy and ensure utility companies are held accountable to the public for making that change. Reforms must benefit Illinoisans in every corner of this state – with a particular focus on environmental justice communities that are suffering from the impacts of both climate change and COVID-19, the latter of which has highlighted more starkly than ever the health consequences of economic, social, and environmental injustices.

Real accountability measures for utilities must be an intentional centerpiece of energy legislation. The public rightfully questions whether any new energy laws might be inevitably tainted by the political power of utility companies that have used their excessive clout and political contributions to corrupt the political process for their own profits, and whose practices have led to criminal investigations and charges. Their days of outsized influence on the process are ending.

Illinois must overcome its current challenges. The economic consequences of COVID-19 have hit Illinois' weakened renewable energy industry particularly hard. Thousands of megawatts (MW) of wind investment are at risk, and substantial roadblocks in the procurement of renewable energy are preventing these projects from being built. Over 2,000 renewable energy industry jobs were lost by the end of May of 2020. Additionally, there are challenges outside of the renewable energy industry. There are fewer than 25,000 registered electric vehicles on Illinois roads, and our dearth of charging infrastructure inhibits growth. Many communities across the state are experiencing coal plant closures, and there is often little consideration for the needs of these transitioning communities.

But Illinois has the building blocks for success on energy. Renewable energy developers want to work here. To date, they have built thousands of new wind and solar projects statewide, and there are thousands more MW of renewable energy projects ready to be built. Among our advantages are:

- Illinois ranks sixth in the nation in wind-generated electricity and became the sixth state to exceed 5,000 MW of operating wind in 2019.
- We generate more energy than we consume, our electricity rates are lower than the national average, and our current energy market promotes opportunities for clean energy innovation.
- We're home to innovative partners like Rivian, whose manufacturing operations are based in Normal, and Argonne National Laboratory and Fermilab, who are leading some of the nation's energy storage research and development.
- Illinois leads the Midwest in clean energy jobs, and we have plenty of highly skilled local union workers who can do the work required to transition our state to a clean energy economy.

We must put the state on a path to 100% clean energy. We must put in place processes and requirements for utility companies that begin to restore trust in our power sector. Below are principles that offer a starting point to address these challenges while creating new jobs, releasing fewer emissions, and maintaining low energy costs for consumers and industrial users. The Governor's Office looks forward to reconvening energy working groups, where discussions will focus on the Governor's eight principles for a clean energy economy.

1 Strengthen Utility Company Transparency & Ethics Requirements

It's past time to strengthen transparency and ethics laws in order to hold utility companies accountable to ratepayers. The Governor is deeply concerned with the conduct admitted to by ComEd in their Deferred Prosecution Agreement. Utility companies can no longer write the state's energy policies behind closed doors – those policies must be developed openly with engagement from the many stakeholders who are impacted by energy policy, including utility ratepayers. Governor Pritzker remains committed to working in a transparent manner to ensure that any clean energy legislation in the future has the confidence of the public. This begins by implementing stringent requirements to hold utility companies accountable to the ratepayers they serve.

Governor Pritzker supports the following proposals:

1. **Sunset formula rates immediately.** The Governor is opposed to formula rates, which exist in only a handful of states besides Illinois and were put in place to fund grid modernization, which is now completed. Formula rates have taken away from the Illinois Commerce Commission (ICC) an integral piece of its mission – to properly assess the right level of compensation for the utilities. Because of formula rates, utilities continue to increase their profits by loading up the rate base with little cost control. That is what has happened here in Illinois since formula rates came into effect. It's why under the Energy Infrastructure Modernization Act (EIMA), ComEd has imposed on customers at least a 29% increase in delivery costs, and Ameren has imposed at least a 21% increase in delivery costs. It's time to require ComEd and Ameren to return to the traditional ratemaking process, where ratepayer and shareholder interests are balanced, that the utilities must justify any increase in rates in a more comprehensive manner and have them approved by the ICC.
2. **Prohibit utility companies from recovering charitable contributions, which are often used to bolster their political power at ratepayers' expense.** Currently, utility companies in Illinois make substantial "charitable" contributions each year to various foundations, golf outings, and other community events, often to curry favor with elected officials. But these "charitable" donations are charged back to ratepayers – without their consent or involvement, meaning they are not, in fact, charitable at all. Utility company charitable donations should be exactly that – charitable. They should come from the pockets of the corporation or their executives, not from the pockets of ratepayers.
3. **Require utility companies to disclose to regulators revenues and expenses related to zero emission credits (ZECs) to inform the State's decision-making.** Utility companies looking to receive ZECs must produce an independent financial report specifying certified cost projections, operation and maintenance expenses, and other financial information that will inform State policy decisions on subsidies and subsequently submit those certified findings to decisionmakers. ZECs must sunset if a market-based greenhouse gas reduction program results in favoring clean power or unless it is determined through the financial review process that they are necessary for ensuring the State's energy supply and supporting the state's energy policies.
4. **Strengthen transparency requirements for communications with regulators.** Regulated entities are already required to report ex parte communications with ICC commissioners regarding an active proceeding. However, fuller disclosure of any additional interactions between utility companies and commissioners will reduce the likelihood of unethical practices and will help give the public a clearer view of conversations between regulators and utility companies.
5. **Require each Illinois Science and Energy Innovation Trust and/or Foundation to prepare and file annual spending plans and financial reports for approval by the ICC.** Give the ICC authority to investigate complaints related to the Illinois Science and Energy Innovation Trust.

6. **Authorize the ICC to begin a process on Performance Incentive Mechanisms to ensure that utilities' rates match their performance**. Require utility companies to, at a minimum, address customer satisfaction, interconnection time and cost, and diversity. It's time to establish new metrics for meeting goals beyond simply delivering electricity and modernizing the grid.
7. **Require a third-party, independent audit of utility infrastructure expenditures.** Require utilities to file with the ICC an independent third-party audit to confirm the cost-effectiveness of the infrastructure investment for the previous year.
8. **Give the ICC the ability to identify and impose standards for controlling demand on the electricity grid.** Utility companies should be required to engage additional demand response tools based on peak periods, which will help reduce costs, lessen stress on the grid, and create opportunities for consumers to shift their usage patterns.
9. **Require expanded ethics filings for legislators, executive branch office holders, and lobbyists.** Elected officials and government leaders, including lobbyists who are also elected or appointed officials, should be required to list in their filings whether they have any relatives who work for a regulated utility company.
10. **Implement an integrated distribution planning (IDP) requirement through the ICC.** Require utility companies to prepare and file a distribution system investment plan with the ICC, which must be designed to optimize utilization of electricity grid assets and resources, customer engagement, grid modernization, distributed energy resources (DER), grid congestion, and emissions reductions.
11. **Improve cybersecurity efforts.** Require utility companies to report to the ICC on cybersecurity efforts and position municipal providers and electrics cooperatives for success on cybersecurity goals and planning.
12. **Require reporting on grid-related innovation.** Require utilities to file annual reports on how advanced metering infrastructure (AMI) is benefitting customers. Require utilities to prepare and file plans for ICC approval that safely and reliably provide access to and foster both utility and third-party grid edge and other innovative grid technologies.

2 Expand Consumer Affordability Protections

Any good energy plan for Illinois must create and expand consumer protections to support and protect middle and low-income ratepayers, especially in light of COVID-19. Illinoisans are spending more time at home now, and paying an unaffordable utility bill is the last thing a consumer should worry about amidst the struggles of the pandemic. We must create options so that consumers can afford to pay their utility bills.

Governor Pritzker supports the following proposals:

1. **Mandate an increased Exelon shareholder dollar contribution for the state's Percentage of Income Payment Program (PIPP) coffers.** This number should increase from $10 million to at least $23.5 million annually – 10% of the $235 million in ratepayer-funded subsidies that Exelon currently receives annually. PIPP helps consumers repay their utility bills in an affordable way, and it's important to invest in this program, especially now.
2. **Increase ComEd's and Ameren's annual commitment to low-income energy efficiency programs.** These commitments should increase from $25 million and $8.35 million per year to at least $50 million and $16.7 million respectively, since these programs support low-income households.
3. **Prohibit natural gas companies from assessing automatic monthly surcharges for infrastructure investments.** Long-term decarbonization necessitates electrification of the economy, so we must stop automatically increasing spending on gas-related infrastructure. If natural gas companies must make infrastructure expenditures, they should be vetted through the ICC's ratemaking process, rather than automatically imposed as monthly surcharges for customers.
4. **Eliminate the customer deposit requirement and late fees for low-income utility residential customers.** Many low-income customers are struggling to pay their utility bills, and deposits and late fees make it even more difficult to stay on top of these payments.
5. **Eliminate the online payment fee for utility bills.** Consumers paying their bills online saves money for utility companies. Now more than ever, customers should be able to pay their bills online without an additional fee, and utility companies should take steps to make online payments easier moving forward.
6. **Require utility companies to accurately report to the ICC on the number of shutoffs and reconnections on a monthly basis.** This information was not consistently reported to the ICC prior to the COVID-19 moratorium on shutoffs, but it is indispensable to the ICC in understanding how many customers are experiencing shutoffs and reconnections and what improvements need to be made to ensure more customers stay connected.
7. **Expand access to data for customers and enhanced consumer protections.** Customers should have more frequent access to their monthly billing and other usage information to fully use the AMI investments they have paid for. Utilities must prepare and obtain ICC approval of plans to securely and cost-effectively provide energy usage information to energy customers and/or customer energy management partners to enable customers to more easily and effectively manage their energy consumption. Complaints against entities that have misused the data can be filed with the Attorney General, who can take legal action.

3 Make Illinois a Renewable Energy Leader & Phase Out Dirty Power

Illinois' renewable energy industry is in desperate need of support. Thousands of industry jobs have been lost due to a lack of RPS funding to support procurement of renewable energy, structural flaws in the procurement of renewable energy, and COVID-19-related impacts on the industry. Only 7% of Illinois' power supply comes from renewable energy, and we lack a clear plan to meet or exceed our goal of 25% of renewable energy power by 2025. It's time for Illinois to open our doors to new renewable energy development and encourage existing developers to build more wind and solar power in Illinois. We must enact changes to the Public Utilities Act and the Illinois Power Agency Act and implement structural changes to incentivize rapid development of renewable energy.

Governor Pritzker supports the following proposals:

1. **Put the State of Illinois on a path toward 100% clean energy by 2050.** The State must set a goal to reach 100% clean energy by 2050. Climate change is threatening Illinois residents and communities, and the science is clear that rapid buildout of renewable energy is a necessary near-term strategy for combatting climate change, and it's necessary for powering our long-term future. Illinois can create jobs, battle climate change, and improve the environment by leading the Midwest in clean energy deployment.
2. **Realign Illinois law to provide more certainty to solar developers to better support renewable energy growth.** The procurement of renewable energy should be designed to achieve rapid growth of the renewables industry. We need to create a new methodology for net energy metering (NEM) that properly credits the attributes and value streams of distributed generation, and we should standardize net metering credits for alternative retail electricity supplier customers subscribing to community solar projects.
3. **Make structural changes to IPA's programs and procurement processes.** We must remove barriers to renewable energy development, incentivize developers to begin building in Illinois and expand their current operations, and adjust processes to facilitate stable levels of development.
4. **Create a structure for community solar that values efficiency and recognizes the value of community-based projects**. Our current approach to incentivizing community solar places too much emphasis on low-cost land. Create pathways for both large-scale, cost-effective community solar projects and smaller-scale, community-based projects.
5. **Pursue statewide backstop standards to speed up wind and solar energy development while maintaining local authority over permitting and final project approval.** Offer guidance to counties on appropriate parameters for the establishment of local siting regulations for utility scale wind and solar energy developments. Local zoning regulations have blocked many wind energy projects, and statewide standards will provide businesses with the stability they need to invest in our state.
6. **Require interconnection to be considered in the context of integrated distribution planning (IDP) and performance metrics to ensure interconnection costs are transparent and not prohibitive.** In order to successfully build in Illinois, renewable energy developers need clearer guidance on the interconnection methodology to help formulate the costs and length of time needed for a new project. Interconnection methodology should be forward looking and rely on technology and dynamic data and should not rely solely on utility static distribution grid planning.
7. **Facilitate deployment of energy storage systems & establish an energy storage program.** There are significant barriers to energy storage, and developing a market to research, develop, and deploy storage statewide will ensure we continue to lead in this space & rapidly grow in a way that supports the growth of renewables. One way to support storage is by incentivizing a storage-plus-renewables approach, rather than just renewable energy.

4 Implement a Market-Based Solution That Supports Clean Power & Clean Air

To accomplish Illinois' clean energy goals, we must establish a program that reduces carbon emissions from the power sector. This approach will provide substantial health and economic benefits. The Fixed Resource Requirement (FRR) proposal set out in current legislative proposals, where Illinois would pull out of PJM's capacity market to run a statewide capacity market, does not seem to accomplish those goals. The proposed FRR has been the centerpiece of current energy discussions, but the first step in that FRR is to annually pay each of Exelon's nuclear plants an amount equal to *three times* the current taxpayer subsidy that two Exelon plants already receive without any strings attached and without Exelon showing us their math as to why this is necessary. Existing legislative proposals both tacitly assume all of Exelon's existing nuclear plants, including Quad Cities, need a large amount of money to remain open (and the same amount of money for each plant). Exelon has refused to show their math to explain why this is the case – they are asking us to take their word for it without providing the relevant financial statements for each plant.

Although nuclear plants are integral to achieving our clean energy goals and integral economic drivers in the communities where the plants are located, taxpayer and ratepayer financial support for these plants cannot be a blank check. The alleged cost reductions for consumers that might result from current FRR proposals may actually result in cost increases for consumers. The cost structure is based on the 2018/19 delivery year, when prices were very high. A 5% cost reduction from that year, as proposed, would technically result in a cost increase today, because energy prices have fallen over the last two years. Additionally, the Independent Market Monitor (IMM) for PJM has cost concerns about the proposed FRR, arguing that Exelon would be compensated at the functional equivalent of giving contracts for ZECs to all of the Exelon nuclear plants in Illinois. We cannot afford to increase costs to consumers in the wake of COVID-19.

Further, the FRR construct promoted by current legislative proposals does not provide the same benefits as a market construct. It may bring problems with market power concentration in Exelon, and it does not guarantee the environmental generation mix that we are working toward. Finally, there would be significant time and costs involved in establishing an FRR, presenting significant pragmatic challenges to effectively implementing an FRR. This may result in delaying participation from new renewable energy generation. The better approach is to explore all means to set up a clean energy framework, and to compare their costs and benefits. FRR is not the only option.

Instead of pursuing the FRR set out in current legislative proposals, Governor Pritzker supports the following proposals:

1. **Establish a market-based program that incorporates the social cost of carbon, including long-term damage from CO2, into generation costs.** Implementing a carbon price makes dirty energy less competitive, reduces emissions, creates room for renewable energy development, and raises revenue for the State. Several states participate in the Regional Greenhouse Gas Initiative (RGGI) or some form of cap-and-trade. Illinois can lead the Midwest by pricing the dirty energy that we plan to phase out. There are many options for implementing a market-based greenhouse gas reduction program, and we will explore all of the options to ensure that we are getting the most reductions possible while maintaining the advantage Illinois has with lower energy costs than our neighbors.
2. **Incorporate equity provisions into the carbon price.** Some advocates have concerns that a market-based approach to carbon pricing will result in more-polluting plants being able to operate longer because they will be able to pay their way out, and will allow them to continue polluting communities that are already disproportionately experiencing the impacts of climate change. However, we know that there are ways to structure a carbon pricing program to make sure that this does not happen, and we are committed to achieving that principle in any program that we design and implement. Coal-fired power plants that do not capture carbon are on their way out in Illinois and nationally. It is our goal to design a program that accelerates closures, while re-directing revenue to other clean energy pursuits.

3. **Direct the revenue to communities that need it the most.** Many communities across Illinois have experienced recent plant closures or will experience plant closures in coming years. Financial assistance for these communities is the single most helpful tool available to support displaced workers, help replace the lost property tax revenue, and invest in job training and the workforce of the future. This also requires a focus on prioritizing equity for disadvantaged communities in the new clean energy economy. Additionally, revenue from the carbon market can be dedicated toward energy efficiency, renewable energy, clean transportation, and other parts of decarbonizing the economy, with an emphasis on communities that need that revenue the most.

5 Electrify & Decarbonize Illinois' Transportation Sector

Illinois will be the best state in the country to manufacture and drive an electric vehicle. We are home to Rivian, a leading electric vehicle manufacturer, and we hope to attract other EV manufacturing to our state. But with fewer than 25,000 registered electric vehicles on our roads and an insufficient network of statewide charging infrastructure to support consumer and business needs, we are not yet poised for success in electrifying our transportation sector. We must establish a framework to put more electric vehicles on the roads and expand the number of available charging stations statewide.

Governor Pritzker supports the following proposals:

1. **Increase the adoption of electric vehicles in the State to 750,000 by 2030.** We must set bold goals for the growth of electric vehicles. Putting tens of thousands of new and used electric vehicles on the roads annually is one of the best ways to reduce emissions from our transportation sector. We know that increased adoption of electric vehicles will improve the health and environmental quality of the residents of Illinois through reduced pollution, reduce the operating costs of vehicle transportation, and aid our transition to 100% clean energy.
2. **Establish a tax credit for electric vehicle companies that locate downstate or in a disproportionately impacted area.** Illinois must open our doors to more electric vehicle manufacturers and Illinois companies that support the electric vehicle supply chain. Illinois intends to become the best state in the country to manufacture an electric vehicle.
3. **Charge IEPA with revising our VW settlement plan to make it compatible with the $70 million in transportation electrification capital funds that will be dedicated to charging stations.** Revisions must include a focus on multi-family, low-income areas, business fleets, and school buses. A portion of the money must remain dedicated to relieving pollution issues in environmental justice communities.
4. **Incentivize the buildout of electric vehicle charging stations.** Electric vehicle charging companies are ready to build charging stations across our state, but we must implement a model that makes it easier for them to compete in Illinois, such as make-ready charging that calls for reimbursement of up to 90% of the costs of installation. We support creating extra incentives for charging in low-income communities and job and ownership opportunities for disadvantaged communities.
5. **Establish a program to provide assistance for the installation of electric vehicle charging infrastructure.** The cost of charging is often prohibitive. DCEO will begin to develop a plan to substantially offset the installation costs of electric vehicle charging infrastructure for residential, commercial, and governmental vehicles.
6. **Begin efforts to reduce carbon and electrify our state buildings and state fleets.** ISP, CMS, IDNR, and IDOT should be among the first agencies to make concrete efforts to decarbonize state government, specifying a timeline and cost caps for these efforts.
7. **Appoint an Electric Vehicles Coordinator at IEPA to oversee all electric vehicle-related policies and activities.** Without dedicated staff working on achieving our goals for growth, we will not be positioned for success. The coordinator will focus on increasing adoption and devising new strategies for growth.
8. **Reconvene the Electric Vehicle Advisory Council through IEPA.** This Council will be charged with investigating and recommending strategies that the Administration and General Assembly may implement to promote the use of electric vehicles statewide.

9. **Charge DCEO with developing an electric vehicle consumer education program.** DCEO can begin efforts to develop a consumer education program on the benefits of electric vehicle ownership and options available for purchasing an electric vehicle.
10. **Revamp the Alternative Fuels Rebate Program for new electric vehicle owners and owners who swap in their gas-powered vehicle for an electric vehicle.** We must incentivize Illinoisans to purchase electric vehicles over gas-powered vehicles when possible.
11. **Decarbonize fuels during the transition to electrification.** Throughout the transition to electric vehicles, we should support efforts to establish a Midwestern low-carbon fuels standard, which will provide environmental benefits and support Illinois agriculture and agribusiness, including ethanol providers.

6 Support Communities Transitioning to Clean Energy

Several coal plants in Illinois have shuttered or announced a closure in the coming years. The economic impacts on communities of the national and international transition to a clean energy economy require us to develop a response that assists these working families. There are currently no statewide plans in place to offer support to these communities, but there already have been many displaced workers, foregone property tax revenue, and a lost sense of identity. We must work with these communities to ensure they have financial and planning support available throughout transition process.

Governor Pritzker supports the following proposals:

1. **Engage local governments in community energy and climate planning.** Local governments know the needs of their communities best, and they should have opportunities to take a comprehensive approach to climate and sustainability planning.
2. **Create a displaced worker bill of rights to provide State support to transitioning energy sector workers.** A bill of rights would include advanced notice of plant closure, financial planning services, and reporting requirements for plant owners.
3. **To achieve equitable decarbonization, provide additional transition planning support to communities expecting closures, and direct a portion of carbon pricing revenue to transitioning communities.** Communities anticipating a plant closure should have the opportunity to apply to IEPA for a 'just transition' grant, and community-based organizations in these areas should also have access to funding to support their job training and workforce development efforts.
4. **Work with groups representing workers to ensure they are supported throughout the transition to a clean energy economy.** Partner with labor organizations, local communities, local businesses, the Department of Labor, Department of Commerce and Economic Opportunity, Illinois' institutions of higher education Institutions and others to map the skills of transitioning workers to clean energy and alternative employment.

7 Advance Equity in the Growing Clean Energy Economy

As we transition to a clean energy economy, we must ensure that this new economy reflects the diversity of the State of Illinois. We will incentivize renewable energy developers to contract with diverse suppliers, modify the Illinois Power Agency's procurement process to include equity actions, and incentivize developers to diversify their corporate teams and set bold goals for diversity in ownership. We will also require more robust reporting from utility companies and renewable energy developers on diversity efforts.

Governor Pritzker supports the following proposals:

1. **Incentivize renewable energy developers to contract with diverse suppliers.** We will expand DCEO's High Impact Business Program to include new solar and energy storage facilities and allow those businesses to be eligible for certain tax exemptions and tax credits. Further, we must explore ways to encourage developers to procure from and contract with women, minority, and veteran-owned businesses and preference employment of workers living in an area where the project is constructed.
2. **Modify IPA's procurement process to include equity actions for Renewable Energy Credits (RECs), the Adjustable Block Program, the community renewable generation program, and Solar for All**. As IPA conducts competitive procurement processes and implements programs to procure RECs, it must prioritize procurement from entities that meet certain equity actions, including actions for the hiring of minorities, people with disabilities, and disadvantaged businesses. There will be a higher preference given to entities that meet multiple equity actions, and the Director of the IPA will commission and publish a disparity study about discrimination in the industry.
3. **Incentivize renewable energy developers to diversify their corporate teams and set bold goals for diversity in ownership.** Renewable energy developers must take steps to ensure their leadership teams reflect the diversity of the State of Illinois. The State must encourage developers to create aspirational diversity goals, especially for C-suite executives and board members. The new leadership of the clean energy economy must include representation from minorities, women, veterans, and people with disabilities.
4. **Require renewable energy developers doing business in our state to report on their diversity efforts to the ICC and the General Assembly.** In order to make significant improvements on diversity in the renewable energy industry, developers must offer data and information on their diversity efforts, metrics, and goals.
5. **Require more robust and standardized supplier diversity reporting to the ICC focusing on diverse spend within Illinois.** Utility companies must improve their reports to the Commission and General Assembly on their diverse spend in this State in order to set new goals and make significant improvements.
6. **Require utility companies to report annually on C-suite diversity**. Public utilities regulated by the ICC will be required to report annually to both the ICC and the General Assembly on the diversity of their C-suites.

8 Enhance Energy Efficiency in Illinois

In most instances, the most cost-effective means of decarbonization is simply using less energy, which means energy efficiency. Illinois has several effective energy efficiency programs, but more work must be done. There are improvements we should make to the renovation and new construction of single-family homes, multi-family residences, commercial buildings, and industrial plants – and to the appliances and machinery inside them. We must investigate the many energy efficiency programs available and support those which provide the greatest energy usage reductions. We must renew our efforts to save more energy on the front end while we work to decarbonize energy on the back end.

Governor Pritzker supports the following proposals:

1. **Support programs and products that encourage less energy usage.** We must investigate energy reduction products such as programmable thermostats that allow for energy reduction, including passive reduction.
2. **Additional support for weatherization.** We should explore ways to increase funding for programs that make low-income households more energy efficient.
3. **Support Combined Heat and Power (CHP) and other industrial decarbonization programs.** Allow CHP programs to be included in utility energy efficiency programs and work with groups that are attempting to decarbonize high carbon emitting industrial sectors, such as steel, cement, refining, and chemical manufacturing.
4. **Reintroduce programs to spur appliance replacement.** Replacing older appliances with newer models will save energy. We should support incentive programs for replacement of older appliances, including water heating, refrigerators, and ovens. These programs will help further our goal of electrification.
5. **Require building audits and work with communities to conduct those audits.** Many building owners do not know how much money they can save through efficiency measures, but audits can provide this information. Funding additional audits will help lead to additional efficiency enhancements.
6. **Incentivize electrification.** Whether through appliances or electric vehicles, there will be additional opportunities for demand side management based on further electrification. Reducing energy usage through IDP or PIMs will allow for peak demand reductions, which lower the costs for all, even if they are not participating in programs.
7. **Work with communities on enhanced building codes and investigate statewide building codes.** When constructing new buildings, or substantially retrofitting existing buildings, building codes become very important from an energy efficiency standpoint. The State should work with associations of local governments to strengthen building codes and explore statewide code enhancements to prevent municipalities looking to promote efficiency from being at a competitive disadvantage.