

POWER.....

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“We support about one out of every 20 jobs in the state and actually pay about \$3.7 billion in taxes and do about \$4.6 billion in infrastructure spending here,” Evans said during an appearance in July. Evans stresses that his association is “neutral” on the bill because his association has members on both sides of it.

The association was formed in 1994 to represent member companies before the Illinois General Assembly and the U.S. Congress. Downstate members include Ameren Illinois and Illinois American Water Co.

Illinois’ path to the talks that failed this spring began about 2.5 years ago when environmental groups got together with several non-for-profits from the Chicago area to create the Clean Jobs Coalition. Together, they created a bill, the Clean Jobs Energy Act.

It became one of three separate bills aimed at addressing the energy industry’s future in Illinois, with the others coming from the Governor’s Office and the affected unions, but differences over funding, jobs, clean energy goals and the fate of the nuclear fleet caused things to fall apart on the last day of the session, May 31.

The energy industry has incentive to negotiate: Its basic ratemaking framework will soon expire — for electric utilities at the end of 2022 and for gas utilities at the end of 2023.

The industry says its nuclear plant fleet, which produces cleaner power, is uneconomic in its current state.

After the nuclear disaster in Fukushima, Japan, in 2011, the capital costs of nuclear plants started going up dramatically to address safety concerns.

As a result, the state’s largest competitive generator of power, Exelon, has several facilities in northern Illinois that now lose money on a daily basis.

In combination with that, federal law began giving “priority dispatch” to renewable energy sources, which include the windfarms that began taking hold in northern Illinois in recent years. About a third of the time, Exelon, in places like the Quad Cities, is paying windfarms to get access to its own transmission lines.

“Our industry couldn’t wait much longer to discuss the policy initiatives that had to be resolved,” Evans said, “because we were going to have major power plant closures, not only in Northern Illinois but Central and Southern Illinois as well.”

A crisis point came in 2020 when Exelon Generation announced it plans to retire its Byron Generating Station and Dresden Generating Station (in Morris), resulting in the loss of four nuclear generation units that supply clean, zero-emissions energy to more than four million homes and businesses in Northern Illinois. Byron will close in September

2021, and Dresden in November 2021.

Exelon says the early retirements are the result of market rules that favor polluting power plants over carbon-free nuclear energy.

Dresden and Byron face revenue shortfalls in the hundreds of millions of dollars because of declining energy prices and market rules that allow fossil fuel plants to underbid clean resources at auctions where they bid on compensation for the power that they will provide at some point in the future.

In Downstate Illinois, most power comes from coal-fired generation; some from natural gas, and some from the Exelon plants.

All of the market-based, coal-fired generation is scheduled to retire before the end of 2027.

Prairie State Energy Campus near Marissa, which is not market based, has private contracts and is the largest coal plant and most modern in the state. It has contracts with co-ops, with municipalities, and with out-of-state entities. It is not scheduled to close but is threatened by new regulation.

Similarly threatened is the CWLP plant in Springfield, which only services Springfield, Ill., and is not scheduled to close.

The Southern Illinois Power Cooperative Lake of Egypt plant is down to one operating unit, with not much activity underway to extend its life span.

For most of the businesses operating in the Ameren Illinois footprint, most of the power comes from coal-fired power plants that are scheduled to close by the end of 2027. That was not the result of a state policy issue; that was an issue resolved by the Trump administration, which had eased the regulatory burden on plants, allowing them to escape having to implement expensive environmental upgrades if they agreed to close by 2028.

Observers say that even if the Legislature does not pass an energy bill, energy policy will still happen because of market forces that are bringing about change.

Negotiators were close to a deal until the last day of the session, May 31.

Exelon announced it had an agreement on a subsidy for the nuclear fleet with the Governor’s Office for \$694 million spread out over five years, which would guarantee that no nuclear power plant in Illinois would close during that time.

The utility industry thought it had a bill before environmental advocates balked because of a lack of commitment by the energy industry to commit on closing plants that relied on fossil fuels. Those groups wanted such plants to start curbing emissions as early as 2024. Few of them could survive under such restrictions, their operators said.

Energy supporters said the way the bill’s language was being written ignored the economics, and Prairie State, CWLP and all modern, natural-gas-fired power plants were seen as at risk of premature closure.

Additionally, several large, natural gas facilities now in planning or construction could have lost their financing had the bill passed.

Senate President Don Harmon, D-Oak Park, said there was significant concern in the utility industry.

“People could be out of a job Monday if we passed that bill today,” he told reporters in July.

Since the end of May, negotiations have continued but a resolution is not any closer, and other issues have cropped up in the meantime. Getting agreement between unions and environmental groups is seen as a key.

Late in July, the Citizens Utility Board, a utility watchdog, sent out a notice to members, encouraging them to contact their legislators in an attempt to get progress moving on talks.

“For weeks now, CUB and other members of the Illinois Clean Jobs Coalition have been trying to hammer out a strong, pro-consumer energy bill before the end of summer. The fight is still very much alive. We want to hold utilities accountable and secure clean and affordable energy in Illinois,” the agency said.

The taxpayer cost of the bill has been estimated at \$1 billion in its first year and about \$1.8 billion over the first 10 years.

About half the cost would be for renewable energy — some \$360 million to \$380 million, but not covering the utility industry’s concern of replacing coal- and nature gas-fired plants that are scheduled to go off line.

The rest of the renewable energy subsidy is comprised of distributive generation, which is made up of rooftop energy, small batteries for business and home use; and about \$800 million overall (\$90 million in the first year) for a program where solar panels and battery storage would be installed at retiring coal plants.

The Exelon nuclear fleet subsidy represents about 14 percent of the overall cost.

Another \$240 million or so would go toward social programs related to the energy industry — such as job training and equity programs.

Equity provisions, renewable energy investments, nuclear subsidies and low-income assistance programs, among other provisions in the energy bill, are largely funded through added charges to ratepayer bills. Cost breakdowns in some of the past public bill language show added costs of \$3-4 monthly for the average residential ratepayer.

A coalition of business groups and labor unions held a news conference in late June questioning the transparency of ongoing energy negotiations.

Illinois Manufacturers’ Association President and CEO Mark Denzler said businesses fear there may be a cost shift in future drafts of the bill, charging businesses \$12 more monthly, with industrial charges increasing possibly over \$1,900 monthly.

He said the governor’s office failed to provide rate cost estimates, studies on reliability, or the impact on job loss from companies asked to pay significantly higher electric bills.

In response to that, Jordan Abudayyeh, a spokesperson for Gov. Pritzker, said the governor has been clear that any energy legislation must address climate change by making meaningful progress toward moving Illinois to a renewable energy future while also protecting consumers.

It’s still unclear if, or when, a finalized version of the energy bill will be reached, but many equity advocates are cautiously optimistic that a compromise will be made before the end of the calendar year, while businesses groups are calling on the governor to slow the process down.

Energy industry advocates believe that consumer costs go up every time a utility takes a generator off line.

According to a 2018 study by PJM, a regional transmission organization that coordinates the movement of wholesale electricity in all or parts of 13 states and the District of Columbia, closing down coal-fired operations is costly to the consumer. The study concludes that in northern Illinois for every thousand megawatts of coal you take off line, the price of power goes up by 40 to 50 cents per megawatt hour.

Additionally, no one has studied what impact that closing the entire fossil fuel generation system could have on costs as a result, analysts say.

Whether Illinois would have to turn to surrounding states for power is also a question, since those states are also lacking in supply or have intermittent capacity and would always serve their own states’ needs first. The costs utilities pay for that power could also skyrocket.

Ironically, if the plants in Illinois close, utility officials say they would turn to outside coal-fired sources for power generation, and they would have to pay more for it.

The chances of building more nuclear plant capacity in Illinois are seen as unlikely because previously approved deregulation makes it impossible to guarantee a builder would get back its costs.

Some information contributed by Capitol News Illinois.

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