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"Raising standards in the construction industry."

December 7, 2023

Sent Via email: **jim.zolnierek@illinois.gov**
c/o Jim Zolnierek, Bureau Chief, Public Utilities
Illinois Commerce Commission

RE: Thermal Energy Network Round 1 Comments

Dear Illinois Commerce Commission,

The Indiana, Illinois, Iowa Foundation for Fair Contracting (III FFC) appreciates the opportunity to provide comments on the Illinois Commerce Commission (ICC) Staff's inquiry into the appropriate ownership, market, and rate structures for thermal energy networks and whether the provision of thermal energy services by thermal network energy providers is in the public interest. The III FFC is a 501(c)5 nonprofit construction industry advocacy organization guided by a joint board of trustees representing the International Union of Operating Engineers, Local 150 and its signatory contractors.

Firstly, in addressing the matter of ownership, the utility's well-established access to capital, extensive experience with networked infrastructure in public rights-of-way, and the mandate to serve all customers position it effectively for the development and scaling of thermal energy networks. This ensures accessibility for all customers and facilitates the coordination of thermal energy network development with any orderly rightsizing of the utility gas system.

Regarding market structures, a balance must be struck between regulatory oversight and flexibility for market participants. A well-regulated market encourages investment while safeguarding the interests of consumers. Recognizing the importance of ensuring an adequate supply of reliable electrical power, the III FFC recommends promoting the development of alternative power sources and taking steps to ensure reliable deliverability. Therefore, there is a need to promote the development of alternative power sources, specifically thermal energy networks. Thermal loop technology delivers benefits to both participants and non-participants. This includes societal benefits to the environment, as well as market benefits associated with the reduction of both the volume and peak demand of electricity and natural gas. The III FFC believes it would be beneficial for any gas public utility, electric public utility, or a combination serving over 100,000 customers to consider creating a thermal energy network. The utility or combination thereof could seek approval for one to three proposed pilot thermal energy network projects. Coordinating these projects with existing State energy efficiency and weatherization

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programs and tapping into federal funding opportunities could enhance its overall value. The ICC might then evaluate and approve these projects, fostering a market structure that encourages innovation, competition, and consumer benefits.

In terms of rate structures, it is imperative to establish a fair and predictable system that fosters the expansion of thermal energy networks. Transparent pricing mechanisms are essential, offering benefits not only to consumers but also attracting crucial investments and fostering innovation within the sector. The rule-making process should specifically address these considerations, aiming to cover the necessary research and development expenditures. The final decision on these matters should ideally be reached through a comprehensive stakeholder process, ensuring that the perspectives and interests of all involved parties are taken into account.

On the question of whether the provision of thermal energy services by thermal network energy providers is in the public interest, the III FFC believes it is essential to prioritize environmental sustainability, affordability, and accessibility. A well-regulated industry that focuses on these principles will contribute positively to the public interest, addressing the evolving needs of consumers while minimizing the environmental impact. Thermal energy networks are highly efficient as they utilize and exchange thermal energy from numerous underground sources and buildings, incorporating recycled thermal energy. This approach minimizes impacts on the electricity grid.

Thank you for considering the III FFC's input. We look forward to the continued dialogue on this important matter.

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