

**ILLINOIS
FINANCE
AUTHORITY.**



**ILLINOIS
CLIMATE
BANK**

**DOE Grid Resilience (Section 40101(d)
Public Hearing: March 14, 2023**

1. What is the Illinois Finance Authority / Illinois Climate Bank?
2. Overview of Grid Resilience Funding Opportunity (Section 40101(d))
3. Objectives & Metrics
4. Criteria
5. Methods
6. Funding Distribution
7. Equity Approach
8. Comment
9. Next Steps



The General Assembly designates the Authority as the Climate Bank to aid in all respects with providing financial assistance, programs, and products to finance and otherwise develop and facilitate opportunities to develop clean energy and provide clean water, drinking water, and wastewater treatment in the State.

**- Climate & Equitable Jobs Act, 2021
(20 ILCS 3501/850-5)**



CLIMATE BANK PURPOSE

- (1) **the distribution of the benefits of clean energy in an equitable manner**, including by evaluating benefits to eligible communities and equity investment eligible persons;
- (2) **making clean energy accessible to all**, especially eligible persons, through financing opportunities and grants for minority-owned businesses, as defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act, and for low-income communities, eligible communities, environmental justice communities, and the businesses that serve these communities; and
- (3) **accelerating the investment of private capital into clean energy projects in a manner reflective of the geographic, racial, ethnic, gender, and income-level diversity of the State.**

– Climate & Equitable Jobs Act, 2021 (20 ILCS 3501/850-15)



CLIMATE BANK POWERS

ADMINISTER
PROGRAMS

SUPPORT CLEAN
ENERGY / WATER

JOINT VENTURES
& INVESTMENTS

PROVIDE WORKING
CAPITAL

REFINANCE

SOURCES OF FUNDS

The Illinois Climate Bank is self-sustaining, and does not receive a generation appropriation from the State General Revenue Fund.

STATE / FED
FUNDS

GIFTS / GRANTS/
LOANS

RAISING PRIVATE
CAPITAL

EARNINGS AND
INTEREST

IFA Climate Bank Transformation Roadmap



ILLINOIS FINANCE AUTHORITY | ILLINOIS CLIMATE BANK

MARCH - AUGUST 2023



Identify:

Deploy current resources / gather partners to apply for federal funds

Mobilize IFA staff to...

- Develop competitive federal grant applications.

Engage potential partners to...

- Develop competitive applications and to have partners to deploy funds when applications are successful.



Apply:

Develop & submit winning applications for federal funding

Secure ~\$1.2 billion in federal funds:

- EPA - GGRF
- DOE - GRIP
- DOE - 40101(d)
- DOE Revolving Fund
- SSBCI
- RECI
- More

Re-design IFA organization to operate Climate Bank as financially sustainable organization consistent with new federal funding sources and objectives.



Implement:

Deploy fed funds in a sustainable manner through leverage

Support CEJA goals through climate finance and program deployment.

Deploy new standardized financial tools to reduce the cost of de-carbonization for ordinary people and marginalized businesses in a fair & equitable manner.

Significantly expand Illinois climate finance efforts by securing U.S. DOE Federal Loan Guarantee for \$10b - \$20b of investment.

Day-to-Day Core Business Activities: Issue conduit bonds



INITIAL EFFORTS



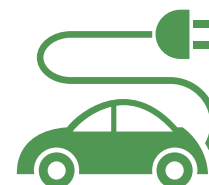
U.S. EPA GREENHOUSE GAS REDUCTION FUND

\$280m - \$1.08b
to seed Illinois Climate
Bank and Illinois Jobs &
Justice Fund Activities



U.S. DOE 40101(d) GRID RESILIENCE

\$8m/yr for 5 yrs
to improve reliability and
resilience, particularly in
disadvantaged
communities



U.S. DOE GRIP PROGRAM

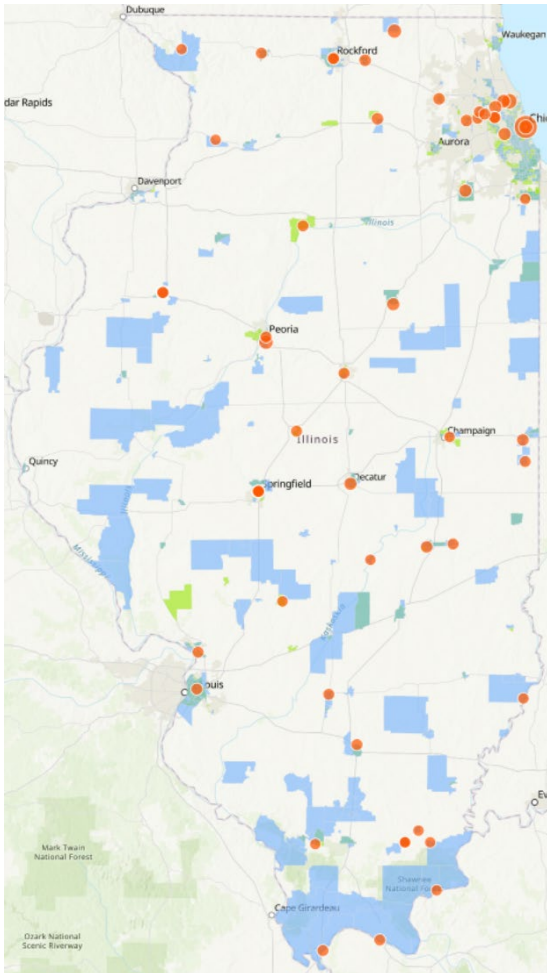
\$138m
to accelerate
transportation
electrification in rural and
small-town communities



U.S. DOE EE REVOLVING LOAN FUND

\$15.3m
to finance building
retrofits and to provide
working capital to
minority contractors

In 2022 (first 12 months of the IFA's Climate Bank designation):



- **\$256 million*** in private capital mobilized and deployed
 - \$233 million* for public water quality infrastructure through State Revolving Fund in partnership with IL EPA
 - \$23 million* for Commercial Property Assessed Clean Energy Bonds (C-PACE) with no public subsidy
- **65%*** of these investments, funded by private capital, were made in or benefit disadvantaged communities.

(*Preliminary and unaudited)



GRID RESILIENCE STATE FORMULA GRANTS

Section 40101(d)
US DOE

\$8 M/yr for State of Illinois, for 5 years

- For the purpose of implementing resilience measures.
- Money is provided to the State, but can be subcontracted to cities, utilities or others.
- **Eligible for:** Weatherization, fire prevention, monitoring and control, undergrounding, poles, advanced conductors, vegetation management, distributed energy resources including microgrids, protection, modeling, hardening.
- **Next Steps:** Illinois Finance Authority must submit application by March 31 outlining objectives, metrics, criteria, and methods for subawards.

OPPORTUNITY:

The State of Illinois will be responsible for distributing these grants to improve reliability and resilience, particularly in disadvantaged communities. Funds can be used for a variety of investments, including for microgrids, weatherization, and automation. Large utilities have to match grants 1:1, but other entities are only required to match 33% of the grant value.

NEXT STEPS:

The State must submit its proposed spending plan to the U.S. Department of Energy by March 31. The IFA / Illinois Climate Bank is the designated state agency for the State of Illinois for this program.

DOE 40101(d)

STAKEHOLDER COLLABORATION

- Interagency coordination
- Small Group Meetings
- March 7: DOE Grid Resilience - Section 40101(d) Ideas Workshop

STAKEHOLDER SURVEYS

- Resilience Programs: DUE March 10

OFFICIAL PUBLIC HEARING

- **March 14 (10:30 AM, 6 PM): DOE Grid Resilience - Section 40101(d) Public Hearing**



RESILIENCE PROGRAMS

- How to fill market gaps, and support CEJA efforts
- Establishing resilience objectives and metrics
- Identifying types of projects that are preferable
- Identifying methods of fund distribution
- Establishing criteria for project selection
- Prioritizing resiliency improvements in EIECs



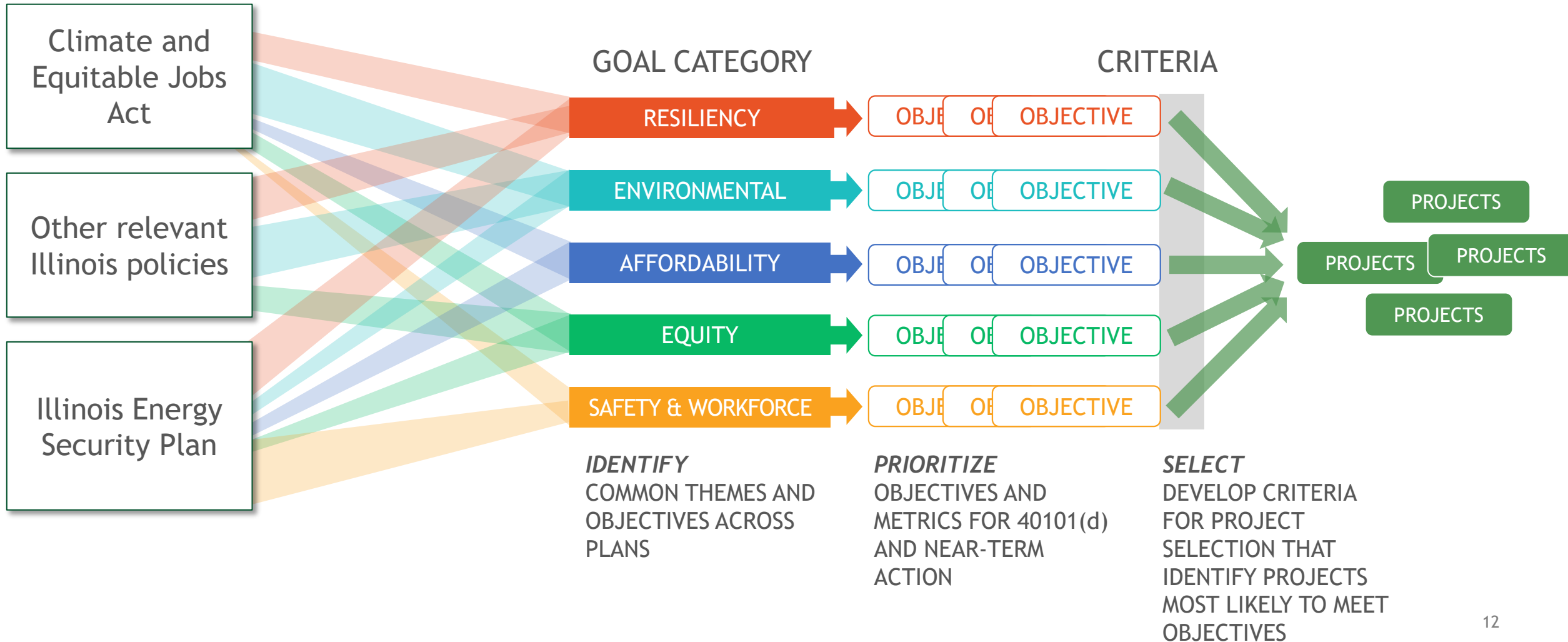
SECTION 40101(d) PROPOSAL FOR PUBLIC HEARING

- The following provides an overview of the State of Illinois' draft proposal to the U.S. Department of Energy under Section 40101(d) of the Bipartisan Infrastructure Law.
- The proposal is for the full five years of the program.
- IFA / Illinois Climate Bank will be submitting an initial budget that covers at least years 1 & 2 of the program period.

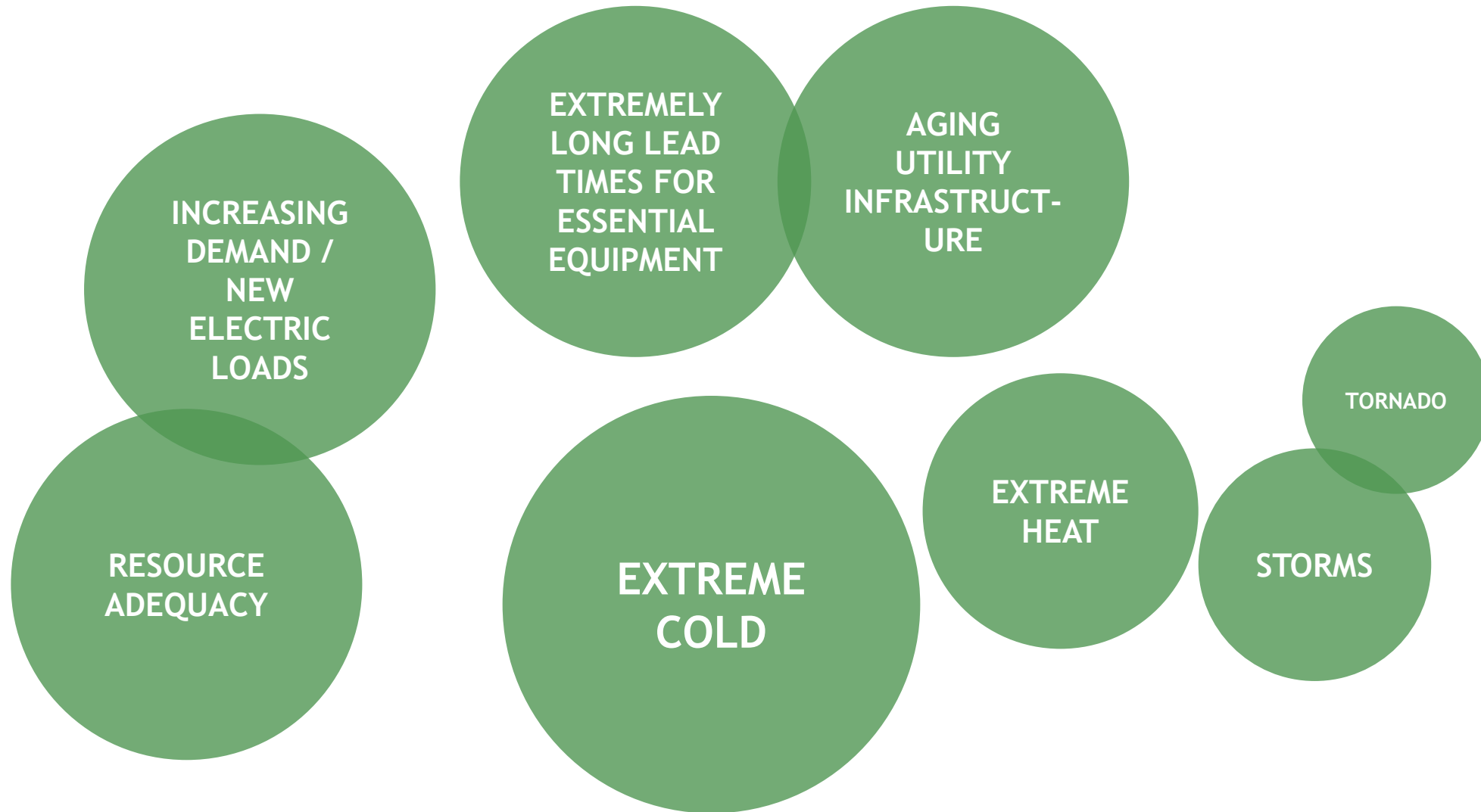
Resilience Program Objectives & Metrics



ILLINOIS FINANCE AUTHORITY | ILLINOIS CLIMATE BANK

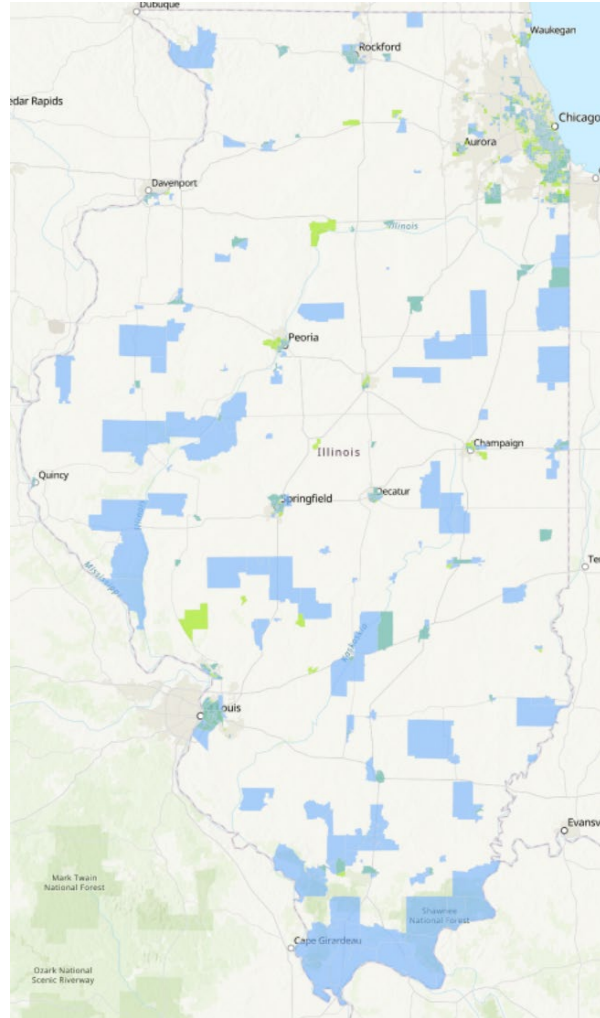


Identifying biggest threats / hazards



Prioritizing EIECs and DACs

STATEWIDE



EQUITY INVESTMENT ELIGIBLE COMMUNITIES (EIECs)

CEJA-designated environmental justice communities, based on low-income population and pollution burden, or “Restore.Reinvest.Renew” communities, based in part by rates of gun injuries, child poverty, unemployment and incarceration



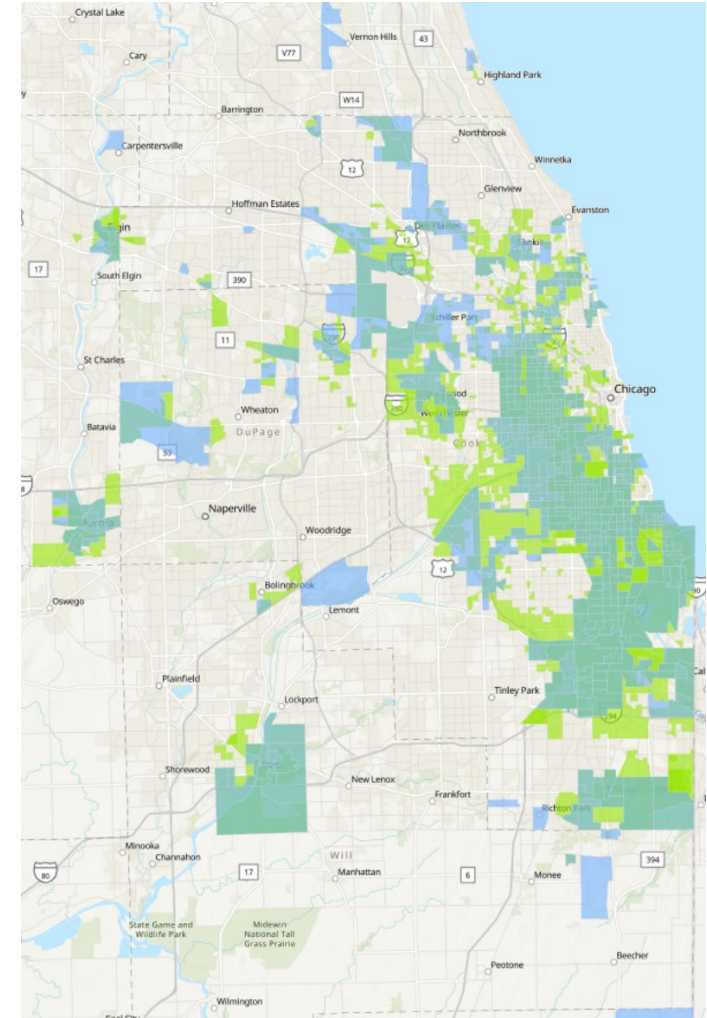
FEDERAL DISADVANTAGED COMMUNITIES (DACs)

Federally-designated communities based on the White House Climate and Economic Just Screening Tool as developed as part of the Justice40 initiative.



BOTH

CHICAGO AREA



Resilience Program Objectives



ILLINOIS FINANCE AUTHORITY | ILLINOIS CLIMATE BANK

OBJECTIVES

EXAMPLES

	RESILIENCY	ENVIRONMENTAL	AFFORDABILITY	EQUITY	SAFETY & WORKFORCE
	Reduction in frequency and duration of outages in EIECs/DACs	Enhance environmental quality and public health	Reduce the energy burden for low-income residents	Increase access to and opportunities for residents & businesses in EIECs/DACs	Ensure the safe operation of the energy system
	Increase community resilience for those least able to respond to disruptions	Speed the installation and integration of renewables.	Ensure low-income and disadvantaged communities directly benefit first	Build awareness and trust in grid/energy systems in frontline and EJ communities	Prepare the workforce for emerging technology opportunities
	Align resilience planning with future climate risks	Leverage nature-based solutions and native tree planning	Support communities in making long-term affordable energy decisions	Support communities and small utilities that lack capacity	Address health & safety limitations on building stock
			Reduce costs for public entities that pass through costs to taxpayers/users	Ensure equity in outage management processes, as well as planning	Protect homes from in-home hazards during flooding/disasters

Resilience Program Metrics



ILLINOIS FINANCE AUTHORITY | ILLINOIS CLIMATE BANK

METRICS

EXAMPLES

RESILIENCY

SAIDI (System Average Interruption Duration Index)

SAIFI (System Average Interruption Frequency Index)

CELID (Customers Experiencing Long Interruption Durations)

CEMI (Customers Experiencing Multiple Interruptions)

Specifically measure impacts in Equity Investment Eligible Communities / DACs

ENVIRONMENTAL

Metric Tons of GHGe Reduced

NOx, Sox, PM Tons Reduced

MW/MWh of renewable energy, energy storage installed for critical loads

Peak demand reduction

AFFORDABILITY

Reduction in energy burden for participating customers

Reduction in costs for all / non-participating customers

Reduction in costs to public agencies for outage response

EQUITY

Total project value (& %) in Equity Investment Eligible Communities

Value of diverse contractor spending

and dollar value of project value to Equity Eligible Contractors / Persons

New business starts in Equity Investment Eligible Communities

SAFETY & WORKFORCE

Jobs created

Graduates of training programs

Homes hardened / residents supported

Reduction in wires down events

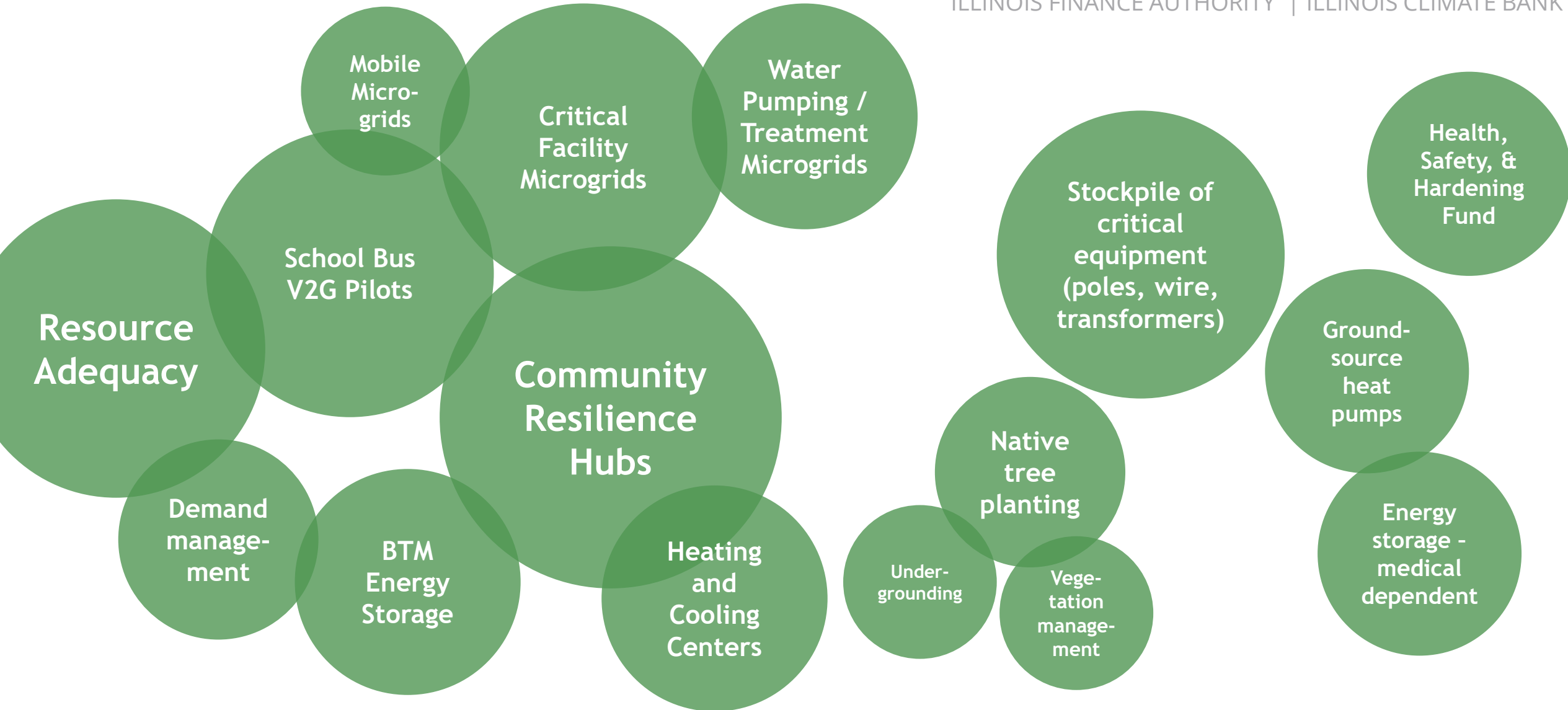
Resilience Program Criteria



ILLINOIS FINANCE AUTHORITY | ILLINOIS CLIMATE BANK

	WHO	WHERE	WHAT	WHEN	HOW
DOE Minimum Requirements	<ul style="list-style-type: none"> • Electric grid operator • Electricity storage operator • Electricity generator • Transmission owner or operator • Distribution provider • Fuel supplier • Other relevant entity • Small utility set-aside 	<ul style="list-style-type: none"> • State of Illinois • Small utility set-aside 	<ul style="list-style-type: none"> • Weatherization • Fire-resistance/prev. • Monitoring/Control • Undergrounding • Utility pole manage. • Power lines • DERs & microgrids • Adaptive protection • Advanced modeling • Hardening 	<ul style="list-style-type: none"> • 5-year period of performance per each annual budget period 	<ul style="list-style-type: none"> • Workforce development • Diversity, Equity, Inclusion and Accessibility • Buy America • Davis-Bacon • Cost-match
Illinois Prioritization	<ul style="list-style-type: none"> • Local governments • Hospitals • Schools • Non-profits/co-ops • Match community 	<ul style="list-style-type: none"> • Projects must demonstrate 60% of benefit to Equity Investment Eligible Communities or Justice40 Disadvantaged Communities • Prioritize high outage rate • Projects must consider future climate risk 	<ul style="list-style-type: none"> • Community Resilience Hubs • Critical Facility Microgrids • Emergency Equipment Share • Community-Driven Initiatives • Replicable Innovative Pilots 	<ul style="list-style-type: none"> • Year 1 & 2: Portion for Shovel-/Paper-ready projects • Community-based Project Planning • Propose flexible match timeframes to DOE 	<ul style="list-style-type: none"> • Simplified pre-application process • RFP process includes technical assistance • Community-based Projects eligible for seed grants for initial work. • Connection to Workforce Training Hubs • Projects > \$1 million require = Community Benefits Agreement

Proposed Project Ideas





COMMUNITY RESILIENCE HUBS

Community gathering places that can provide life-essential or other support services to communities during extreme weather and grid-related events.



CRITICAL FACILITY MICROGRIDS

Essential public services that serve large populations that would pose risks to public health & safety if they lost power for extended durations.



EMERGENCY EQUIPMENT SHARE

Support efforts of small municipal and co-op utilities to prepare for and quickly recover from storms by creating a hub of easy-to-access essential equipment that otherwise has long lead times.



COMMUNITY-DRIVEN INITIATIVES

Comprehensive efforts that address resilience needs of a community, that is driven by local community planning efforts. This could include seed funding for early-stage planning.



REPLICABLE INNOVATIVE PILOTS

New technology or implementation approaches that address grid resilience needs in new ways that would benefit for the deployment of replicable pilot projects and knowledge-sharing.

Cost-Share Requirements



ILLINOIS FINANCE AUTHORITY | ILLINOIS CLIMATE BANK

SMALL UTILITIES

33% + 15% =
48% of grant



OTHER ENTITIES

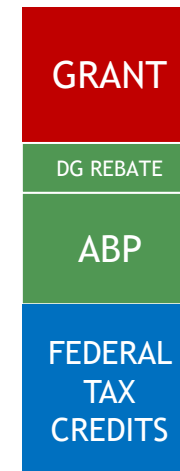
100% + 15% =
115% of grant



Most Non-federal dollars can be used as cost-share, including:

- Adjustable Block Program solar incentives
- DG rebates including energy storage rebates
- Utility energy efficiency program incentives
- Utility peak load reduction program incentives
- Beneficial Electrification program incentives
- Utility spending
- State grants
- Local government grants

EXAMPLE



DOE 40101(d)

DOE EE RLF

EPA GGRF

DOE GRIP

STAKEHOLDER COLLABORATION

- Small Group Meetings
- March 17 (10 AM - 12 PM): Energy Efficiency Revolving Loan Fund Ideas Workshop

STAKEHOLDER SURVEYS

- **Climate & Equitable Finance: DUE March 24**

Questions?

March 14, 2023

Illinois Finance Authority

160 N. LaSalle Street, Suite S-1000

Chicago, IL 60601

Will Hobert, Chair
Chris Meister, Executive Director www.il-fa.com

