



## City-ComEd Franchise and Energy & Equity Agreement Summary

### Summary and Goals

For the first time in nearly 30 years, the City can renegotiate or replace its electricity franchise agreement, an agreement that allows our electric utility to use the public right of way to deliver electricity to customers within Chicago. This is a historic opportunity to modernize Chicago's energy infrastructure, invest in the clean energy economy, advance climate justice goals, and strengthen accountability and coordination with the utility. The franchise is not a way for the City to set energy rates, which are regulated by the Illinois Commerce Commission. Mayor Lightfoot has developed two companion agreements:

- A **Franchise Agreement** that grants an entity the right to provide electricity using the public right of way, and
- An **Energy and Equity Agreement (EEA)** that establishes environmental, social and economic impact objectives that the franchise entity and the City will pursue together

Viewed together, these agreements mean that both the City and ComEd will work to:

- Assure delivery of an **adequate, safe, and reliable supply of electricity** to meet the current and future electricity needs of Chicago;
- Ensure that the people of Chicago have an **electric system that is resilient in the face of climate threats** and equitably reduce **energy cost burdens** for residents;
- Promote a **clean energy future for all** by bringing the benefits of energy efficiency, decarbonization of buildings, and access to affordable renewable energy and carbon-free transportation options to all residents;
- **Advance Chicago's 62% carbon emissions reduction goal by 2040** as set out in the 2022 Climate Action Plan; and
- Expand **workforce and economic opportunities** for all Chicagoans in the clean energy economy, especially communities and residents on the frontlines of the climate crisis.

On April 30, 2021, the City's Department of Assets, Information, and Services (AIS) released a Request for Information (RFI) regarding the electricity franchise. The City received several interesting responses discussing projects that could increase clean energy opportunities in Chicago. None of the respondents could, in the City's judgement, feasibly acquire and operate Chicago's electricity distribution system, with the exception of ComEd, Chicago's incumbent system operator. After the RFI, the City began negotiations with ComEd for the electricity franchise and negotiations are now complete. **City Council will now consider an ordinance to approve the Franchise Agreement and the unprecedented Energy and Equity Agreement.**

## Key Features of the Franchise Agreement

<p><b>1. Term</b></p>	<p><b>Initial term</b> (5 year; Agreement not to municipalize);  <b>Continuation term</b> (10 year with the right to municipalize);  <b>Extension term</b> (5 year by mutual agreement and with the right to municipalize)</p>
<p><b>2. Revenue to City (Franchise Fee)</b></p>	<p>\$90-\$100m annually  *Estimated range based on Infrastructure Maintenance Fee as set by State statute; continuation of existing revenue structure</p>
<p><b>3. Municipalization and Termination Right</b></p> <p><i>Ongoing Review and Assessment of Franchisee Performance</i></p>	<p>Preserves City's ability to municipalize, or acquire ComEd's in-city utility facilities, after the first five years</p> <p>After year five, every five years through the end of the agreement, the AIS Commissioner will provide a report to City Council Committee on Environmental Protection and Energy on the advisability of terminating the Franchise Agreement.</p>
<p><b>4. Enhanced City-ComEd Coordination</b></p> <p><i>Structures for Enhanced Coordination and Accountability</i></p>	<p><b>City-ComEd Coordination Council</b></p> <ul style="list-style-type: none"> <li>• 3 staff from ComEd, 3 staff from City</li> <li>• <u>Responsibilities:</u> Performance management of the franchise agreement and EEA; Resolution of critical infrastructure issues; Coordination of electrification and decarbonization activities and investments; Joint pursuit of federal, state and private funding sources to advance the EEA; Monitoring of reliability and affordability data; Coordination of updates to the City Council and relevant committees</li> </ul> <p><b>City Council Engagement</b></p> <ul style="list-style-type: none"> <li>• Annual reports to City Council on a wide range of items (eg. energy affordability and assistance; activities under the EEA; plans for major construction projects, etc.)</li> <li>• Annual briefing to City Council Environment Committee on reliability</li> </ul>
<p><b>5. MWBE, Supplier Diversity and Local Hiring:</b></p> <p><i>Jobs for Chicago residents – especially on</i></p>	<p><b>MWBE for ComEd Utility Facility and Property Projects:</b></p> <ul style="list-style-type: none"> <li>• Contracts for the design, construction and/or rehab of ComEd utility facilities owned by ComEd in Chicago</li> <li>• <b>MBE: 32%</b> of the total dollar value of such contracts.</li> <li>• <b>WBE: 10%</b> of the total dollar value of such contracts.</li> </ul> <p><b>Supplier Diversity:</b></p>

<p><i>the south and west sides- and diverse entrepreneurs</i></p>	<ul style="list-style-type: none"> <li>• Efforts to meet or exceed the Supplier Diversity Performance Metric approved by the ICC for ComEd</li> </ul> <p><b>Local Hire- First of its kind in the nation</b></p> <ul style="list-style-type: none"> <li>• <u>Clean Energy Training Hub</u>: Ability for City to impose a requirement of <b>50% worker hours from Chicago residents; 15.5% SEDA/EIEC</b> community resident worker hours</li> <li>• <u>Non-Grid Projects</u>: Ability for City to impose a requirement of <b>20% worker hours from Chicago residents; 15.5% SEDA/EIEC</b> community resident worker hours</li> <li>• Fill 35% new Construction Worker/Overhead Helper and 20% new Customer Service Reps from Chicago residents from EIEC or SEDA communities (approx. <b>1,000 total hires</b> at current rates)</li> </ul>
<p><b>6. Enhanced Data Reporting &amp; Transparency</b></p> <p><i>Data for equity-focused analyses on the clean energy transition and system performance</i></p>	<p><i>Examples:</i></p> <p><b>Clean Energy Reporting-</b> residential, commercial, community solar</p> <ul style="list-style-type: none"> <li>• Monthly anonymized reporting data on the adoption of clean energy utilization by residents in the City</li> <li>• Annual map showing the location and number of community solar projects in the City</li> </ul> <p><b>Reliability Data Reporting</b></p> <ul style="list-style-type: none"> <li>• Reports with expanded information by ward, census block group, and feeder on reliability performance and interruptions (where available), and information to analyze performance for environmental justice and R3 communities</li> </ul> <p><b>Customer Assistance and Affordability</b></p> <ul style="list-style-type: none"> <li>• Annual data on zip code-level arrearages, shutoffs and customer assistance distribution, as well as its specific investments and activities to promote utilization and awareness of assistance programs in zip codes with high arrearages and shutoffs</li> </ul>

## Key Features of the Energy and Equity Agreement

<p><b>7. Energy &amp; Equity Agreement Funds:</b></p> <p><i>\$100-120 million in Future Grants for a Clean Energy Future for All</i></p>	<p>Largest commitment of <b>utility shareholder funds (\$100-120 million)</b> in the country, to advance a clean energy future for all:</p> <ul style="list-style-type: none"> <li>• Funds will support a wide range of <b>community benefit projects to realize the goals of the 2022 Climate Action Plan</b> (eg. retrofitting, weatherizing, and decarbonizing buildings; community solar projects; bike &amp; other micro-</li> </ul>
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	<p>mobility projects; zero-emission transit and fleets; community health and pollution reduction)</p> <ul style="list-style-type: none"> <li>• EEA funds will be administered by a new third-party nonprofit organization: <b>Clean Energy &amp; Equity Collaborative (CEEC)</b>. CEEC Board will be appointed by City (5 members) and ComEd (2 members).</li> <li>• CEEC will issue <b>public invitations</b> to organizations (eg. nonprofit organizations, local businesses, faith-based organizations, labor unions, etc.) and City/Sister Agencies <b>to apply for the funding</b> to support eligible neighborhood projects and make project selections.</li> <li>• \$100 million will be provided by ComEd over the first 15 years of the City’s term, with an additional \$20 million available if the five year extension is exercised</li> <li>• <b>Amplifies the City’s \$188 million investment in the Chicago Recovery Plan</b> to jump-start a clean energy future for all</li> </ul>
<p><b>8. Models for Governance and Engagement</b></p> <p><i>Structures for Enhanced Coordination and Accountability</i></p>	<p><b>Clean Energy &amp; Equity Collaborative (CEEC) Board</b></p> <ul style="list-style-type: none"> <li>• Independent nonprofit formed to administer the \$100-120 million in grant funds for Energy &amp; Equity Agreement. See row above.</li> </ul> <p><b>Energy &amp; Equity Advisory Panel</b></p> <ul style="list-style-type: none"> <li>• 6-12 members representing a range of stakeholders interested in EEA goals, such as institutional stakeholders, nonprofits, faith-based organizations, businesses, labor, and City Council</li> <li>• <u>Responsibilities:</u> Review and provide input on the progress, performance and status of priorities within the EEA to the Coordination Council; provide input to CEEC staff/board (administering the \$100-120 million in EEA funds)</li> </ul>
<p><b>9. Economic Development Benefits:</b></p> <p><i>Investments in Chicago &amp; a Diverse Clean Energy Workforce of the Future</i></p>	<p>ComEd will seek ICC approval for the construction and operation of a \$32.5 million west side <b>Clean Energy Training Hub</b> to <b>prepare, train and re-skill 10,000 residents for careers at ComEd or companies supporting the clean energy transition.</b></p> <ul style="list-style-type: none"> <li>• Training and certification in skilled trades (electrical line work), energy efficiency, electric vehicle maintenance and infrastructure readiness, fiber installations, renewable energy installations, building electrification, technical engineering support, business operations, and related small business incubator programs</li> </ul>

	<ul style="list-style-type: none"> <li>• <b>Tuition assistance and a stipend for each participant for wrap-around support services</b> (transportation, housing, legal, childcare assistance, PPE, and tools)</li> <li>• Focus on individuals from Equity Investment Eligible Communities (EIEC)<sup>1</sup> and engage government, education, labor, other industry partners and community-based organizations throughout design, recruitment, training, support, and job placement phases of the program.</li> </ul> <p>ComEd will maintain its <b>HQ in the City of Chicago</b> during the term of the agreement.</p> <p>ComEd purchased the former <b>Board of Trade building</b> as a potential site for a new substation to <b>support forecasted load growth and increased electrification downtown</b> with the growing adoption of EVs and all-electric buildings. In 2028, ComEd will begin the planning, subject to regulatory review and approval, for future site construction.</p>
<p><b>10. Other Energy &amp; Equity City-ComEd Projects:</b></p> <p><i>Priorities for City-ComEd Climate Action Collaboration to Benefit Residents</i></p>	<p>The City and ComEd will endeavor to pursue <b>\$400 million in state and federal grants</b> and other funding sources <b>to implement additional community benefit projects</b>. <i>Examples include:</i></p> <p>Advance Decarbonization</p> <ul style="list-style-type: none"> <li>• Accelerate and expand affordable multifamily, low-to-moderate income housing, and neighborhood energy efficiency and electrification</li> </ul> <p>Enable A Just Clean Energy Transition</p> <ul style="list-style-type: none"> <li>• Solar for All Residential Solar (<b>up to 4,000 rooftop installations for low-income residents</b>)</li> <li>• Add community solar generation site in Chicago</li> <li>• Expand solar education (<b>400+ educational sessions</b>)</li> </ul> <p>Promote Personal Mobility and Improve Air Quality</p> <ul style="list-style-type: none"> <li>• Pilot extension of standard Service for <b>municipally-owned electric bike charging</b> stations in the public way</li> <li>• Three pilots for grid technology and <b>vehicle electrification</b> initiatives</li> </ul> <p>Propel Clean Energy Careers</p>

<sup>1</sup> As defined in the Illinois Climate and Equitable Jobs Act. A combination of: (1) Restore, Reinvest, Renew (“R3”) Areas established in Section 10-40 of the Cannabis Regulation and Tax Act; and (2) Environmental justice communities, as defined by the Illinois Power Agency pursuant to the Illinois Power Agency Act.

- **\$10 million workforce development investment** in partnership with City Colleges or CPS
- Expand **CONSTRUCT Program**, an 11-week training program for good-paying, entry-level field and office jobs in construction-related fields. Designed to address the need to increase the pool of qualified minority candidates for construction jobs in Illinois by strengthening job readiness and life skills and preparing for industry-required testing that is often a prerequisite for employment. Provide **100 full scholarships to attend Dawson Technical Institute** of Kennedy-King College for the electricity program.
- Invest **\$3.2 million** in expanded **Chicago Builds Program**, a two-year off-campus construction training program for CPS juniors and seniors interested in pursuing a career in construction after graduating high school. **Expand from one south side location to a second west side school location.** Provide **100 trades-related internships** at ComEd.

Connecting Communities

- Use ComEd's available dark fiber to help bridge the digital divide; **connect thousands more Chicagoans to affordable broadband.**