

Chicago Advanced Energy Stakeholders Group – Q2 2017

Opening Remarks of Stephen J. Humes

June 8, 2017

Welcome again to the Chicago office of Holland & Knight. I'm delighted again to welcome you all to the Chicago Advanced Energy Series Breakfast Meeting. I'm an energy partner with the firm based in our New York City office. As in the past, my Chicago colleague, Barb Adams, is here to welcome you and join in the conversations.

H.G. Chissell has again done a great job assembling a diverse panel of thought leaders this time focused on Smart Buildings & Grid Modernization. I welcome our discussion leaders and extend thanks again to the loyal group of sponsors that have been supporting the Chicago Advanced Energy Group. For more than three years now, we have been meeting here quarterly and collaborating on important issues and opportunities for advancing energy projects especially in advanced energy, including energy efficiency, energy storage, transportation and demand resources. This time, we've got a great panel of speakers and thought leaders ready to talk to us about smart buildings and grid modernization in Chicagoland.

As I typically do when welcoming you to these meetings, I'd like to spend just a few minutes on some legal and public policy issues relevant to today's agenda to help set the stage and put the discussion in the broader context.

It has been six months since President Trump took office, as we all know, and he has been leading the nation in a dramatically different direction than President Obama, for sure. He proposes to dramatically slash environmental budgets and is putting much more emphasis on

fossil fuel sources in the U.S. Unlike President Obama, President Trump's party has full control of the majority in the House and Senate and can theoretically control the energy agenda. And, just last week, President Trump announced that the United States would be withdrawing from the Paris climate change agreement and is committed to striking a better deal for the country.

I think what's particularly striking about President Trump's Paris announcement last week is that since he made that announcement, many states, cities and business and industry groups and leading corporations have reaffirmed or doubled down on commitments to reduce greenhouse gas emissions. A growing number of Fortune 500 companies are publicly supporting the Paris climate deal as investors and corporate leaders along with states show increasing support for greenhouse gas emission reductions, renewable energy investments, and demand reductions. New York and California are just a few of the states that have pledged to continue supporting the spirit of the Paris Climate Deal. New York City and, as of yesterday, Chicago's Mayor announced a commitment to supporting the Paris Agreement. Rahm Emanuel indicated that Chicago is committed to reducing greenhouse gas emissions to levels equivalent to or greater than the percentage reductions outlined in the United Nations Framework Convention and the Paris Agreement. It's ironic, I think, that in rejecting the Paris deal, President Trump has probably done more to promote the support for the Paris deal than President Obama ever could. And so market trends and governmental outreach in favor of energy efficiency, renewables, demand reductions, smart grid and greenhouse gas reductions will continue and expand.

Another example of these trends is that here in Illinois, as I am sure you are aware, the Illinois Power Agency just launched a procurement process this month aimed at supporting development of new utility scale wind, solar PV and solar on Brownfields. In commencing a procurement process for renewable energy certificates ("RECs") from new large scale wind and

solar projects to be built in Illinois or neighboring states, the IPA indicated it was implementing a December, 2016 law entitled the Future Energy Jobs Act (the “Act”), which became effective on June 1, 2017. Under that Act, the IPA plans to procure 1 million RECs each from new utility-scale wind, new utility-scale solar and Brownfield site solar photovoltaic (“PV”) projects.

Other efforts we have discussed before include the controversial efforts of Illinois and New York to support nuclear power generation with special incentives designed to stop these plants from closing. Legislation to support nuclear’s greenhouse gas value in Ohio failed recently. A similar effort to support the Millstone Nuclear Power plant in Connecticut was about to die over the weekend until its owner, Dominion, threatened a “strategic reassessment” of the plant’s viability if the Connecticut Legislature didn’t pass legislation by last night’s deadline – alas, before midnight, the legislation failed.

Again, the irony is unavoidable. At the very time that President Trump’s administration is attempting to make coal great again and striving to reduce the regulatory burdens on dirtier fossil fuel generation, market forces are continuing to drive down the price of domestically produced cleaner natural gas, which is improving air quality and helping to reduce greenhouse gas emissions nationwide and making energy costs more competitive in the U.S.

Increasingly, state public utility commissions are also encouraging regulated electric distribution utilities to support programs aimed at demand response, energy efficiency, renewables, developing the smart grid, and even helping to promote smart solutions in the built environment, including modernizing thermostats and interconnecting data from homes and C&I customers to aggregate information to help utilities manage and improve energy performance while enhancing signals to help the broader power grid.

In competitive markets including here in the Midwest and the Northeast, we are seeing a tremendous increase in state regulatory support for renewables. Massachusetts just issued emergency regulations to promote solar procurements and is expected to issue an RFP by the end of the month to support offshore wind. In New York Governor Andrew Cuomo's 2017 State-of-the-State speech in January, the Governor announced a 2.4GW goal of offshore wind power by 2030, the largest commitment in U.S. history. Between offshore wind and other renewables, demand response, energy storage, efficiency, and smart grid developments, states are increasingly supporting these clean energy and smart technologies.

I'm sure we're going to hear more of these trends and others from our speakers over the next few minutes. And so, without further ado, it is my pleasure to bring up HG to introduce our speakers and kick off our collaborations. Please enjoy the meeting and stay involved for future programs as our collaborations continue.

And now, H.G. Chissell will introduce our guests.