



MSEIA SOLAR REPORT FOR PENNSYLVANIA JULY 2016 SUMMARY

Strategic Highlights

Pennsylvania bill seeks to “close the border” on SREC purchases. Senate Bill [SB1343](#) was introduced into the Senate on July 28. This bill directs electric utilities and competitive suppliers to purchase their credits created within Pennsylvania, thereby limiting the available supply of these SRECs. For solar developers, this legislation will have a positive economic impact for projects within Pennsylvania, but may harm projects located outside the state...

District of Columbia bill altering RPS Standards becomes law. District of Columbia Mayor Bowser [signed](#) Bill No. [B21-0650](#) into law on July 25. Of note, and among other actions, the law raises the renewable portfolio and solar requirements to 50% and 5% by the year 2032, respectively; increases financial penalties for electricity suppliers who fail to comply with the renewable energy portfolio standard for the applicable year; and establishes a program within the Department of Energy and the Environment to assist low-income homeowners with installing solar systems on their homes. The law will take effect upon a 30-day period of congressional review...

The Obama Administration’s new initiative to promote community solar. On July 19, the Administration, in partnership with six federal agencies, [announced](#) the Clean Energy Savings for All Americans Initiative in an effort to increase installations of solar power for low-income households 10-fold to one gigawatt by 2020. Among other actions, the initiative establishes the “Community Solar Challenge.” Through the Department of Energy, low-income communities will receive up to \$100,000 to develop their own models to increase solar access...

A first-of-its-kind consumer guide to community solar is released. On July 1, the Solar Energy Industries Association and the Coalition for Community Solar Access jointly released the [Residential Consumer Guide to Community Solar](#), a primer for consumers informing them about the benefits of community solar as well as tips on how to be an informed consumer, questions solar consumers should ask before entering into an agreement and links to other resources...

Nevada approves net metering for the ballot. On July 12, the Nevada Secretary of State's Office qualified the Solar Rate Restoration Referendum for the ballot for November of 2016. Voters may have the opportunity to restore Nevada's net metering program to more favorable rates for all rooftop customers. This measure still must proceed through a legal challenge currently in process before the state Supreme Court...

State legislature calendar update: The Delaware General Assembly adjourned on July 1, 2016. All pending bills are effectively now dead and may or may not be re-introduced in the next session. The Legislature will convene its next session in 2017...



Pennsylvania - Renewable Energy

| Reference No. | Description | Why It Matters | Most Recent Action | Next Action |
|---|--|---|--|---------------------------------------|
| <p>Senate Bill SB1343 (Scavello)</p> <p><i>Opened on 07/28/2016</i></p> | <p>This bill seeks to “close the border” on SREC purchases. As a result, electric utilities and competitive suppliers will have to purchase their credits created within Pennsylvania, thereby limiting the available supply of these SRECs. By way of background, the Alternative Energy Portfolio Standards Act (Act 213), requiring that increasing percentages of electricity sold in the state be generated through alternative energy sources like solar energy. These requirements have helped generate the system of SRECs, used to demonstrate compliance with this law though the purchase of these credits from homeowners and others with solar panels. However, a variety of factors have driven the value of these SRECs below return on investment levels. In an effort to help boost these credits, this bill seeks to “close the border” on SREC purchases.</p> | <p>For solar developers, this legislation will have a positive economic impact for projects in Pennsylvania, but may harm projects elsewhere in PJM that have sold SRECs to Pennsylvania.</p> <p>For suppliers, this legislation will drive up the compliance costs of the AEPS, by raising the price of SRECs.</p> | <p>Introduced and referred to Senate Environmental Resources and Energy Committee (7/28/16).</p> | <p>Awaiting Senate consideration.</p> |



Pennsylvania - Renewable Energy

| Reference No. | Description | Why It Matters | Most Recent Action | Next Action |
|---|--|--|---|--|
| House Bill HB1363 (DiGirolamo) <i>Opened on 06/25/2015</i> | <p>Creates a 3.2% drilling tax on unconventional natural gas extraction. The legislation also directs the distribution of the proceeds.</p> <p>Three and five-tenths percent of the proceeds will be distributed to the Department of Environmental Protection for making low-interest loans to support the development of solar energy.</p> | <p>Financial incentives via low-interest loans to support solar development.</p> | <p>Introduced and referred to the Energy and Environmental Resources Committee (6/29/15).</p> | <p>Awaiting scheduling of an Energy and Environmental Resources Committee hearing.</p> |



Pennsylvania - Renewable Energy

| Reference No. | Description | Why It Matters | Most Recent Action | Next Action |
|--|---|--|---|--|
| <p>House Bill HB2040 (Keller)</p> <p><i>Opened on 05/23/2016</i></p> | <p>By way of background, the Energy Portfolio Standards Act (Act 213), requiring that increasing percentages of electricity sold in the state be generated through alternative energy sources like solar energy. These requirements have helped generate the system of SRECs, used to demonstrate compliance with this law though the purchase of these credits from homeowners and others with solar panels. However, a variety of factors have driven the value of these SRECs below return on investment levels. In an effort to help boost these credits, this bill seeks to “close the border” on SREC purchases. As a result, electric distributors will have to purchase their credits from within Pennsylvania, thereby limiting the available supply of these SRECs.</p> | <p>Improves the SREC market for solar developers, with respect to supply and demand of SRECs, as there has been an oversupply of SRECs which has resulted in lower investment return for solar developers.</p> | <p>Introduced and referred to the Commerce Committee (5/23/16).</p> | <p>Awaiting scheduling of a committee hearing.</p> |



Pennsylvania - Renewable Energy

| Reference No. | Description | Why It Matters | Most Recent Action | Next Action |
|--|---|--|--|---|
| House Bill HB240 (Keller) <i>Opened on 05/23/2016</i> | This bill would require “electric distributors” – i.e., any retailer with Alternative Energy Portfolio Standard obligations - to purchase and retire solar renewable energy credits (SRECs) which were created within Pennsylvania. | Improves the SREC market for solar project developers, with respect to supply and demand of SRECs, as there has been an oversupply of SRECs which has resulted in lower investment return for solar project developers. Would raise costs for retail electricity suppliers to comply with their AEPS obligations, however. | Introduced and referred to the House Commerce Committee (5/23/16). | Awaiting scheduling of a committee hearing. |



Pennsylvania - Renewable Energy

| Reference No. | Description | Why It Matters | Most Recent Action | Next Action |
|--|---|---|--|---|
| PAPUC Docket No. A-2016-2546450 <i>Opened on 05/19/2016</i> | PECO seeking PAPUC approval for authority to conduct a community microgrid pilot, which would include the utility constructing, owning, and operating several distributed energy resource technologies to power the proposed microgrid, including natural gas engines. PECO is proposing two integrated microgrids to support approximately 388 acres in Concord Township with a variety of public service loads, including healthcare, local emergency services, a retirement community, hotels and gas stations to form a microgrid capable of supplying power to three critical government facilities and twenty-seven public accommodations with a typical aggregate peak load of 8.6 MW. | Utility ownership of DER technologies is controversial as such technologies are argued to be delivered and serviced by private companies. | Parties filed pre-hearing memorandums (6/21/16). Pre-hearing conference held (6/22/16). | Awaiting disclosure of procedural schedule. |



Pennsylvania - Renewable Energy

| Reference No. | Description | Why It Matters | Most Recent Action | Next Action |
|--|--|--|--|---|
| House Bill HB2066 (Heffley) <i>Opened on 05/11/2016</i> | This bill would amend the 2008 Alternative Energy Investment Act, further providing for consumer and small business solar energy projects. | Would require all recipients of grant money for solar panels to purchase panels manufactured domestically. | Introduced and referred to the Environmental Resources and Energy Committee (5/11/16). | Awaiting scheduling of a committee hearing. |



Pennsylvania - Renewable Energy

| Reference No. | Description | Why It Matters | Most Recent Action | Next Action |
|---|--|--|--|--|
| <p>Senate Bill SB743 (Leach)</p> <p><i>Opened on 04/15/2015</i></p> | <p>Would amend the Alternative Energy Portfolio Standards Act, further providing for alternative energy portfolio standards and for portfolio requirements in other states.</p> <p>The minimum percentage of electric energy required to be sold to retail electric customers from alternative energy sources would be: (i) 4.5% for June 1, 2014, through May 31, 2015. (ii) 5% for June 1, 2015, through May 31, 2016. (iii) 5.5% for June 1, 2016, through May 31, 2017 (iv) 6% for June 1, 2017, through May 31, 2018. (v) 7.5% for June 1, 2018, through May 31, 2019. (vi) 9% for June 1, 2019, through May 31, 2020. (vii) 10.5% for June 1, 2020, through May 31, 2021. (viii) 12% for June 1, 2021, through May 31, 2022.</p> | <p>Seeks to make modifications to the minimum percentage of electric energy to be sold from alternative sources.</p> | <p>Introduced and referred to the Senate Environmental Resources and Energy Committee (4/16/15).</p> | <p>Awaiting scheduling of committee hearing.</p> |



Pennsylvania - Renewable Energy

| Reference No. | Description | Why It Matters | Most Recent Action | Next Action |
|---|--|---|--|--|
| House Bill HB 200 (Vitali) <i>Opened on 02/23/2016</i> | <p>This bill would provide a dedicated funding source for the Pennsylvania Sunshine Solar Program. This program provided residential homeowners, small business and non-profits who install solar systems a rebate of up to 10% of the cost of the system. This extremely popular program was created in 2008 and funded with a \$100 million bond. It ran out of funds at the end of 2013.</p> <p>This legislation would increase the Gross Receipts Tax on utility companies by 1.25 mills, from 59 to 60.25, and provide the increased funding to the Sunshine Solar Program. This additional funding is expected to yield about \$25 million annually.</p> | <p>This bill further encourages consumers to purchase and install solar panels via financial incentives. It would increase the Gross Receipts Tax, which in Pennsylvania is applied to competitive suppliers as well as distribution utilities.</p> | <p>HB 200 was introduced and referred to the Consumer Affairs Committee (2/23/16).</p> | <p>Awaiting scheduling of a committee hearing.</p> |



Pennsylvania - Renewable Energy

| Reference No. | Description | Why It Matters | Most Recent Action | Next Action |
|--|--|--|---|-----------------------------------|
| House Bill HB100 (Vitali) <i>Opened on 02/23/2015</i> | <p>This bill amends the Alternative Energy Portfolio Standards Act.</p> <p>The minimum percentage of electric energy required to be sold to retail electric customers from alternative energy sources would be:</p> <p>(i) 5.5% for June 1, 2015, through May 31, 2016. (ii) 6% for June 1, 2016, through May 31, 2017. (iii) 7.5% for June 1, 2017, through May 31, 2018. (iv) 9% for June 1, 2018, through May 31, 2019. (v) 10.5% for June 1, 2019, through May 31, 2020. (vi) 12% for June 1, 2020, through May 31, 2021. (vii) 13.5% for June 1, 2021, through May 31, 2022. (viii) 15% for June 1, 2022, and thereafter.</p> | <p>Increases the load of renewable electricity sold to utilities and retail suppliers. Involves retail supplier benchmarks regarding percentage of alternative energy sources sold by suppliers.</p> | <p>HB 100 was introduced and referred to the House Committee on Consumer Affairs (2/23/15).</p> | <p>Awaiting committee action.</p> |



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|--|--|--|---|---|
| Senate Bill SB459 (Rafferty) <i>Opened on 02/12/2015</i> | This bill will provide a sales and use tax exemption for the purchase or use of a solar energy system. A “solar energy system” means the equipment and hardware that utilize solar energy for water heating, space heating, cooling or other applications. | Increases market adoption of solar energy systems. | Introduced and referred to the Finance Committee (2/12/15). | Awaiting scheduling of a committee hearing. |



Pennsylvania - Renewable Energy

| Reference No. | Description | Why It Matters | Most Recent Action | Next Action |
|--|---|--|--|---|
| PAPUC Docket No. L-2014-2404361 <i>Opened on 02/06/2014</i> | Proceeding to revise the Alternative Energy Portfolio Standards (AEPS) Act, related to standards and policies for net metering, interconnection, and AEPS obligations. <i>See IRRC Docket No. 3061</i> | Clarifications to the policies related to net metering and interconnection could be helpful but could also exclude certain renewable energy technologies from getting favorable treatment. AEPS changes could result in changes to supplier compliance obligations. | The IRRC issued a second disapproval order and barred final publication of the regulation for 14 days (6/30/16); document now available (7/12/16). | The legislature now must consider whether to pass a disapproval resolution, effectively blocking the regulation, or taking no action and allowing the regulation to take effect despite the IRRC disapproval. |



Pennsylvania - Renewable Energy

| Reference No. | Description | Why It Matters | Most Recent Action | Next Action |
|---|---|--|--|--|
| Senate Bill SB1069 (13 sponsors) <i>Opened on 01/28/2016</i> | <p>Would allow municipalities to make loans to commercial and industrial real estate owners to retrofit their property with energy-efficient technology. The loan would then be repaid as an assessment on their property taxes with the tenure of a mortgage (i.e., PACE financing).</p> | <p>PACE financing can provide opportunities for commercial and industrial renewable energy projects.</p> | <p>Introduced and referred to the Senate Community, Economic and Recreational Development Committee (1/28/16).</p> | <p>Awaiting scheduling of a committee hearing.</p> |



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