



MSEIA SOLAR REPORT FOR PENNSYLVANIA SEPTEMBER 2016 SUMMARY

Strategic Highlights

Delaware Renewable Energy Task Force held a meeting to discuss solar subsidies. At the task force's September 7 meeting, the Delaware Public Advocate recommended an end to the SREC auction process, and to limit SREC procurement from new PV systems sized up to 25kW, to one-third of Delmarva's RPS compliance requirements...

MDV-SEIA weighs in on DC's investigation into interconnection standards. [MDV-SEIA advised](#) the DCPSC on September 1 that its members have reported delays in the registration of systems with PJM GATS; these delays have caused a measurable financial impact on their member-companies and customers, as well as hindering DC's ability to meet its RPS...

Maryland electric cooperatives seek FERC review of Community Solar rules. Southern Maryland Electrical Cooperative and Choptank Electric Cooperative filed a petition with FERC on August 23 for review of the new community solar regulations promulgated by the MDPSC. The cooperatives allege the regulations do not comply with federal law....

Comments continue to be filed in the PAPUC's review of its Tier 1 resource calculations for utilities and suppliers. Parties are disputing how to handle the calculation error discovered by the PAPUC earlier this summer. A number of parties filed comments between August 29 and 31 that opposed putting the obligation to procure the suppliers' shortfall of credits on the utility - and expressed preference for the option to delay the true-up period to give suppliers the time to make up the shortfall of credits. Competitive suppliers, on the other hand, expressed strong support for using a nonbypassable surcharge collected by the utilities to make up the shortfall. Other suggestions include a delay of the supplier's new AEC obligations as a result of the error and a proposal that the adjusted percentages only apply prospectively for the 2017 energy compliance year since the error was the PAPUC's...

Pennsylvania's Alternative Energy Portfolio Standards Act (AEPS) met with disapproval. Lancaster County Solid Waste Management Authority and East Lycoming School District each filed comments earlier this month with Attorney General urging the AG to disapprove implementation of the PAPUC's regulations modifying the AEPS. The proposed changes, were rejected twice by the Independent Regulatory Review Commission. Because the legislature failed to endorse the IRRC's opposition, however, the PAPUC has the authority to move forward with implementing the regulation; only the Attorney-General now stands in the way...



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 PA, thereby limiting the available supply of these SRECs. By way of background, the Alternative Energy Portfolio Standards Act 2013 requires that increasing percentages of electricity sold in the state be generated through alternative 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. Requiring utilities and suppliers to purchase their credits within PA, limiting the available supply of these SRECs.</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 electricity 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>



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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>
House Bill HB240 (Keller) <i>Opened on 05/23/2016</i>	<p>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.</p>	<p>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.</p>	<p>Introduced and referred to the House Commerce Committee (5/23/16).</p>	<p>Awaiting scheduling of a committee hearing.</p>



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Reference No.	Description	Why It Matters	Most Recent Action	Next Action
PAPUC Docket No. P-2016-2546452 <i>Opened on 05/20/2016</i>	<p>Petition of PECO Energy Company (PECO) for: (1) approval of its Microgrid Integrated Technology Pilot Plan; and (2) issuance of a declaratory order regarding the recovery of microgrid costs.</p> <p>PECO is exploring emerging microgrid technology investment opportunities to improve system reliability and resiliency. PECO will construct, own and operate the community microgrid. PECO also will share lessons learned from the Pilot to create a roadmap for the deployment of future microgrids and the integration of DERs.</p> <p><i>Associated Case: PAPUC Docket No. A-2016-2546450 - PECO's application for construction of microgrid distributed energy resources fueled by natural gas.</i></p>	<p>As in the recently-rejected proposal by BGE in Maryland, this proposal raises significant concerns about utility involvement - and rate recovery - in what should be a competitively-provided service.</p>	<p>Intervenors filed rebuttal testimony (8/25/16). <i>Testimony is not publicly available.</i></p>	<p>Surrebuttal testimony is due by 9/8/16.</p> <p>Hearings scheduled for 9/12/16 - 9/14/16.</p> <p>Initial briefs are due by 10/6/16; reply briefs are due by 10/20/16.</p> <p>Recommended decision from ALJs expected by 12/8/16.</p> <p>Final decision from PAPUC expected in 2/17.</p>



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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.



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Reference No.	Description	Why It Matters	Most Recent Action	Next Action
Senate Bill SB743 (Leach) <i>Opened on 04/15/2015</i>	<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. (ix) 13.5% for June 1, 2022, through May 31, 2023. (x) 15% for June 1, 2023, and thereafter.</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>



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Reference No.	Description	Why It Matters	Most Recent Action	Next Action
<p>PAPUC Docket No. M-2009-2093383</p> <p><i>Opened on 03/05/2009</i></p>	<p>Under PA's Alternative Energy Portfolio Standard (AEPS), since 2009 the PAPUC has been required to make quarterly adjustments to the percentages of Tier I resources sold by utilities and suppliers.</p> <p>PAPUC has recently issued a secretarial letter explaining that the PAPUC has erred in how the quarterly adjustments were calculated over the past six years. the PAPUC has corrected the error for the 2016 compliance year, but this has resulted in an increase of 7% in suppliers' and utilities' annual Tier I obligations.</p>	<p>Significant and unanticipated costs will now be levied on suppliers in order to comply with the AEPS.</p>	<p>Parties filed additional comments (8/29/16 - 8/31/16). Duquesne Light opposed one of the PAPUC's suggested proposals - putting the obligation to procure the suppliers' shortfall of credits on the utility - and expressing preference for the option to delay the true-up period to give suppliers the time to make up the shortfall of credits. The Met-Ed Industrial Users Group, on behalf of itself and other industrial customers in the state, proposed a delay of the supplier's new AEC obligations as a result of the error and a proposal that the adjusted percentages only apply prospectively for the 2017 energy compliance year since the error was the PAPUC's.</p> <p><i>Continued on next page . . .</i></p>	<p>The deadline for compliance with the true-up of the adjusted portion of the non-solar Tier I obligations for the 2016 compliance year has been extended to 11/30/16. This true-up period extension does not apply to solar Tier I nor Tier II requirements, nor to the regularly-anticipated non-solar Tier I obligation.</p>



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Reference No.	Description	Why It Matters	Most Recent Action	Next Action
PAPUC Docket No. M-2009-2093383 (Cont.)			<p>OCA said, "...[the utility nonbypassable charge solution] inappropriately shifts the responsibility of complying with the AEPS Act solely onto the EDCs despite EGSs having the affirmative duty to comply with the AEPS Act through the acquisition of alternative energy credits." OCA also claimed the nonbypassable charge would interfere with supplier-customer contracts and could make customers question "...the value of contracting for energy supply when the Commission can unilaterally add additional supply charges to their bills." OSBA also opposed the nonbypassable charge and supports a delay in the true-up period instead. RESA supports the nonbypassable charge, and recommends it be implemented for the 2016, 2017, and 2018 compliance years. RESA also said if the PAPUC prefers to take the delay approach, the delay should be until at least the 2018 compliance year.</p> <p><i>Continued on next page . . .</i></p>	



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Reference No.	Description	Why It Matters	Most Recent Action	Next Action
PAPUC Docket No. M-2009-2093383 (Cont.)			<p>Direct Energy and WGL Energy also supports the nonbypassable charge. Utility trade group Energy Association of PA said that the nonbypassable charge is beyond the scope of the PAPUC's authority and would incorrectly relieve suppliers of their obligations under the AEPS Act; the EAP supports a delay to the true-up period instead. PPL, PECO, and First Energy utilities all oppose the nonbypassable charge approach.</p> <p>MEIUG filed reply comments (9/9/16).</p>	



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Reference No.	Description	Why It Matters	Most Recent Action	Next Action
<p>House Bill HB 200 (Vitali)</p> <p><i>Opened on 02/23/2016</i></p>	<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>



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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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Reference No.	Description	Why It Matters	Most Recent Action	Next Action
Senate Bill SB459 (Rafferty) <i>Opened on 02/12/2015</i>	<p>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.</p>	<p>Increases market adoption of solar energy systems.</p>	<p>Introduced and referred to the Finance Committee (2/12/15).</p>	<p>Awaiting scheduling of a committee hearing.</p>
PAPUC Docket No. L-2014-2404361 <i>Opened on 02/06/2014</i>	<p>Proceeding to revise the Alternative Energy Portfolio Standards (AEPS) Act, related to standards and policies for net metering, interconnection, and AEPS obligations.</p> <p><i>See IRRC Docket No. 3061</i></p>	<p>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.</p> <p>AEPS changes could result in changes to supplier compliance obligations.</p>	<p>Lancaster County Solid Waste Management Authority filed comments with the Attorney-General urging the AG to disapprove implementation of the PAPUC's regulations. East Lycoming School District filed similar comments (9/1/16 - 9/6/16).</p>	<p>Awaiting final publication of the regulation in the <i>PA Bulletin</i>.</p>



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Reference No.	Description	Why It Matters	Most Recent Action	Next Action
Senate Bill SB1069 <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>Introduced and referred to the Senate Community, Economic and Recreational Development Committee, (1/28/16).</p>	<p>Awaiting scheduling of a committee hearing.</p>
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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