



MSEIA SOLAR REPORT FOR PENNSYLVANIA AUGUST 2016 SUMMARY

Strategic Highlights

Stakeholder urges Pennsylvania Attorney General to reconsider PAPUC's revised net energy metering rules. In the [proceeding](#) considering revising the Alternative Energy Portfolio Standards (AEPS) Act, related to standards and policies for net metering, interconnection, and as noted previously, the Independent Regulatory Review Commission (IRRC) issued earlier this summer its second disapproval of the PAPUC's second revised order on August 23. Of recent action, Penn State University [urged](#) the Attorney General on August 23 to rule illegal certain portions of the PAPUC's regulations that contravene both the letter and the intent of the AEPS Act. The PAPUC's second revised order is currently under review with the Attorney General's Office. *PRQ note: The IRRC disapproval does not block the PAPUC's order, however. The legislature must consider whether to pass a disapproval resolution, effectively blocking the PAPUC regulation, or taking no action and allowing the regulation to take effect despite the IRRC disapproval...*

Pennsylvania PUC considers non-bypassable charge, longer compliance period for RPS obligation. On August 15, the Pennsylvania Public Utilities Commission issued a [tentative order](#) considering two measures to mitigate the non-solar Tier I obligations of electric utilities and electric suppliers and inviting comments on other approaches. Parties filed comment on August 25, reply comments are due on September 9....

New York adopts Clean Energy Standard. The New York Public Service Commission continues its summer of momentous policy decisions, the latest being its [adoption of a Clean Energy Standard](#) (*effectively, an RPS*) on August 1. The CES consists of three tiers. Of note, for Tier 1 - New Renewable Resources, the NYPSC will require each Load Serving Entity (LSE) to procure qualifying Renewable Energy Credits (RECs) to cover a percentage of their commodity sales, beginning with .6% of their load in 2017 and increasing to 4.8% by 2021...

Solar advocates win utility rate disputes. Solar advocates in Colorado and Texas successfully challenged proposed utility charges that would have significantly raises costs for distributed generation. A [settlement agreement](#) filed in Colorado on August 15 would have Xcel Energy withdraw its proposed grid-use charge, and a [proposed order](#) approving settlement agreement in Texas on August 11 notably did not include an earlier proposal by El Paso Electric for a distributed generation demand charge. Both settlement agreements are pending final approval by the state utility commissions...



Pennsylvania - Renewable Energy

Reference No.	Description	Why It Matters	Most Recent Action	Next Action
Senate Bill SB1343 (Scavello) <i>Opened on 07/28/2016</i>	<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
PAPUC Docket No. M-2009-2093383 <i>Opened on 03/05/2009</i>	<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>PAPUC issued tentative order (8/15/16), proposing two options for ameliorating the impact of the AEPS adjustment and inviting comments on other approaches. The two options identified by PAPUC: (1) Implementing an Alternative Energy Credit (AEC) procurement & non-bypassable cost recovery mechanism by the utilities, for the non-solar Tier I adjustment According to Staff, this would enable the PAPUC to leverage the purchasing power and billing functionality of the utilities to ameliorate the market effects of the miscalculation; and (2) delay the true up period for the non-solar tier I adjustment credits.</p>	<p>Reply comments are due by 9/9/16.</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>According to Staff, this would give parties more time to procure the additional AECs in order to meet the increase in the otherwise anticipated annual non-solar Tier I obligations. Staff welcomes other remedial suggested actions that stakeholders believe are viable to address the corrected 2016 quarterly adjustment.</p> <p>Parties filed comments (8/25/16). National Energy Marketers Association recommended "...implementing the proposed option by which the utilities will procure the credits for transfer to LSEs with the costs recoverable in a nonbypassable charge. The implementation of this option as a one-time, extraordinary measure is appropriate to fix the calculation error because competitively neutral in its impact to the marketplace and does the least to distort the economics between competitors." ConocoPhillips filed comments supporting the same option as NEM.</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>	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.



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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.	Penn State University filed a letter (8/23/16). Penn State urged the Attorney General to rule illegal certain portions of the PAPUC's regulations that contravene both the letter and the intent of the AEPS Act. Penn State argues that the PAPUC's proposed regulations contravene these provisions (i.e. setting excess generation that is sold back to the grid at the retail rate) by inventing and imposing the PAPUC's own additional restrictions on the eligibility of alternative energy generating systems for net metering for the express purpose of limiting the ability of customer-generators to receive full retail value for energy produced.	Awaiting final publication of the regulation in the <i>PA Bulletin</i> .



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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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