

AMENDMENTS TO HOUSE BILL NO. 1412

Sponsor: REPRESENTATIVE BARRAR

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1 Amend Bill, page 1, lines 6 through 17; page 2, lines 1
2 through 30; page 3, lines 1 through 16; by striking out all of
3 said lines on said pages and inserting

4 Section 1. Title 66 of the Pennsylvania Consolidated
5 Statutes is amended by adding a section to read:

6 § 2816. Microgrid and energy storage.

7 (a) Pilot projects.--An electric distribution company may
8 propose energy storage or microgrid pilot projects for review
9 and approval by the commission. In determining whether a pilot
10 project under this section is in the public interest, the
11 commission shall consider the costs and benefits of the project,
12 in addition to the potential of the pilot project to:

13 (1) facilitate the use of diverse electric supply
14 options in this Commonwealth, including distributed energy
15 resources; and

16 (2) enhance electric distribution, resiliency and
17 operational flexibility.

18 (b) Project requirements.--

19 (1) A microgrid pilot project shall be designed to
20 serve:

21 (i) multiple customer premises, including at least
22 two essential public purpose assets;

23 (ii) a single premises used by a Federal, State or
24 local government customer operating critical government
25 infrastructure and facilities necessary to serve the
26 public during emergencies; or

27 (iii) a public utility premises.

28 (2) A petition filed by an electric distribution company
29 seeking approval of a microgrid or energy storage pilot
30 project shall include all of the following:

31 (i) The location of each distribution service
32 interruption occurring within the electric distribution
33 company's service territory in the preceding five-year
34 period.

35 (ii) The number of customers, other microgrids and
36 energy storage facilities and critical government
37 infrastructure located in proximity to the proposed

1 microgrid pilot project.

2 (3) A microgrid pilot project may include distributed
3 energy resources owned by customers, an electric distribution
4 company or other entities.

5 (4) A distributed energy resource included in a pilot
6 project and owned by an electric distribution company shall
7 be competitively procured.

8 (5) The commission may establish reasonable cost caps on
9 microgrid pilot projects.

10 (6) Nothing under this section shall be interpreted to
11 require an electric distribution company to own, develop or
12 deploy energy storage or microgrids.

13 (c) Commission review.--

14 (1) Five years after the date the first pilot project is
15 approved, the commission shall evaluate the results of each
16 approved pilot project, including the project costs and
17 benefits and data on the interconnection and integration of
18 distributed energy resources and wholesale energy markets.

19 (2) Within 180 days of completion of the evaluation
20 under paragraph (1), the commission shall issue an order
21 determining whether the continued development and deployment
22 of microgrids and energy storage facilities is in the public
23 interest.

24 (3) If the commission determines that the development of
25 microgrids is in the public interest, the commission may
26 continue to accept and consider petitions seeking approval of
27 microgrid pilot projects consistent with the commission's
28 order.

29 (d) Report to the General Assembly.--If the commission
30 determines that the development and deployment of microgrids and
31 energy storage facilities are in the public interest, the
32 commission shall, within 60 days of entry of the order under
33 subsection (c) (2), submit a report to the General Assembly
34 containing recommendations that shall include all of the
35 following:

36 (1) The ownership, development and deployment of
37 microgrids by entities other than an electric distribution
38 company.

39 (2) The specific circumstances and criteria under which
40 energy storage and microgrids should be developed and
41 deployed.

42 (3) Legislative or other recommendations the commission
43 deems appropriate.

44 (e) Recovery.--An electric distribution company may recover
45 in the electric distribution company's distribution rates
46 established under section 1308 (relating to voluntary changes in
47 rates) reasonable and prudently incurred costs, including a
48 pretax return on, and a return of, the original cost of an
49 energy storage facility or microgrid constructed pursuant to an
50 approved pilot project and the reasonable and prudently incurred
51 expenses to operate and maintain the facility.

1 (f) Wholesale market participation.--Energy storage and
2 microgrids pilot projects authorized under this section may
3 participate in wholesale energy, capacity and ancillary services
4 markets. Net proceeds resulting from the participation of a
5 distributed energy resource owned by an electric distribution
6 company in wholesale energy, capacity or ancillary markets shall
7 be credited to distribution customers.

8 (g) Rate structure and cost allocation.--The commission
9 shall determine the appropriate rate structure and cost
10 allocation for the just and reasonable recovery of prudently
11 incurred costs from and the allocation of wholesale market
12 proceeds to distribution customers.

13 (h) Definitions.--As used in this section, the following
14 words and phrases shall have the meanings given to them in this
15 subsection unless the context clearly indicates otherwise:

16 "Distributed energy resource." Any of the following:

17 (1) A distributed generation resource.

18 (2) Energy efficiency.

19 (3) Energy storage.

20 (4) Electric vehicle charging infrastructure.

21 (5) Demand response technology.

22 (6) Any other process, resource or technology approved
23 by the commission.

24 "Energy storage." A commercially available technology that
25 is capable of absorbing energy, storing the energy for a period
26 of time and thereafter dispatching the energy.

27 "Essential public purpose asset." A facility or site which
28 supports crucial community functions including, public safety
29 answering points, police stations, fire companies and fire
30 departments, emergency medical services agencies, public works,
31 public transportation, emergency shelters, grocery stores, gas
32 stations and other entities that provide access to food, water
33 or shelter when a microgrid is operating in island mode.

34 "Island mode." The physical disconnection of a microgrid and
35 customers within the microgrid from the distribution system of
36 the electric distribution company.

37 "Microgrid." A group of interconnected loads and distributed
38 energy resources within clearly defined electrical boundaries
39 that acts as a single controllable entity with respect to an
40 electric distribution company's distribution system which can
41 connect to and disconnect from a distribution system and operate
42 either connected to the distribution system or in island mode.