AN ACT

Amending Title 66 (Public Utilities) of the Pennsylvania Consolidated Statutes, in restructuring of electric utility industry, providing for microgrid and energy storage.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

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

§ 2816. Microgrid and energy storage.

(a) Pilot program.—An electric distribution company may propose energy storage or microgrid pilot programs for review and approval by the commission. In determining whether a pilot program under this section is in the public interest, the commission shall consider the potential of the pilot program to:

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

(2) enhance electric distribution, resiliency and
(b) Rulemaking.--Within five years of the date the first pilot program is approved under subsection (a), the commission shall evaluate the results of each approved pilot program and determine the circumstances under which the ownership, development and deployment of energy storage and microgrids by electric distribution companies may be in the public interest. Within 60 days of the determination, the commission shall commence a rulemaking to establish regulations to further the deployment of energy storage and microgrids consistent with the objectives under subsection (a)(1) and (2). Nothing under the rulemaking shall require an electric distribution company to own, develop or deploy energy storage or microgrids.

(c) Recovery.--An electric distribution company shall be permitted to recover in the electric distribution company's distribution rates established under section 1308 (relating to voluntary changes in rates) a pretax return on, and a return of, the original cost of an energy storage facility or microgrid constructed pursuant to an approved pilot program or regulations promulgated under this section and the reasonable, prudently incurred expenses to operate and maintain the facility.

(d) Wholesale market participation.--Energy storage and microgrids authorized under this section may participate in wholesale energy markets with net proceeds from participation credited to customers.

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

"Distributed energy resource." Any of the following:

(1) A distributed generation resource.
(2) Energy efficiency.

(3) Energy storage.

(4) Electric vehicles and charging infrastructure.

(5) Demand response technology.

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

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

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

Section 2. This act shall take effect in 60 days.