



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 1161

PRINTERS NO. 2730

PRIME SPONSOR: Mizgorski

COST / (SAVINGS)

FUND	FY 2021/22	FY 2022/23
General Fund	See Fiscal Impact	See Fiscal Impact

SUMMARY: House Bill 1161, Printer's Number 2730, creates the Pennsylvania Local Solar Program allowing electric distribution companies to establish a local solar program.

ANALYSIS: This bill creates the Pennsylvania Local Solar Program allowing electric distribution companies to establish a local solar program. If an electric distribution company (EDC) elects to establish a local solar program, the following shall apply:

- (1) A local solar facility shall be constructed, owned, operated and maintained by a developer under contract with and not owned by the EDC.
- (2) A developer shall be selected by a request for proposals to any interested entity and clearly define the division of responsibilities and compensation for the program.
- (3) Subject to approval by the Public Utility Commission (PUC), an EDC shall enter into a long-term power purchase agreement with the developer to purchase all power produced by a project, with a minimum term of 15 years and a maximum term of 25 years.
- (4) A developer shall be responsible for all PJM Interconnection and related costs.
- (5) No unsubscribed generation may be subject to the rules and compensation set forth between the developer and the electric distribution company. Costs to unsubscribed energy may not be passed onto ratepayers by the EDC.

Each customer served by an EDC shall be provided an opportunity to subscribe to the local solar program, while customers who participate in assistance programs shall be eligible and a customer that receives net metering service may not participate.

Other criteria related to subscribers shall apply such as:

- The solar energy rate shall be reflected in the per-kilowatt-hour charge for energy on the bill of the customer. Subscription to a local solar program may not impact other charges including transmission and distribution charges and customer fees.
- An EDC may not charge a sign-up fee or other additional charge to a subscriber.
- A subscriber may cancel any time with no cost and the EDC may not apply cancellation fees.
- A subscription may be transferred to another service address within the service territory until the subscriber cancels the subscription.

A subscription shall be available on a first-come, first-served basis. The EDC shall maintain a wait list and allow customers to subscribe as subscriptions become available.

The bill outlines cost recovery conditions that:

- All costs of development and operation of a local solar program shall be incorporated into the solar energy rate charged to a subscriber for energy usage.
- An electric distribution company shall be allowed to recover all costs of the program, including implementation and reasonable administrative costs from each subscriber, subject to commission approval.

All solar renewable energy credits (SRECs) generated by a local solar program shall count toward the EDC's compliance with the Alternative Energy Portfolio Standards (AEPS) Act.

A portion of a local solar facility's output in kilowatt hours shall be reserved for subscription by low-income customers. The amount of output reserved for low-income participation shall be from a minimum of 5% to a maximum of 15%. The EDC shall set the low-income customer reservation prior to issuing the request for proposal to a developer. A low-income customer subscriber shall pay a rate not to exceed the electric distribution company's price-to-compare.

The PUC shall address the following requirements within 120 days of the effective date of the act:

- establish procedures for reviewing and approving a local solar program;
- establish regulations for approving the request for proposal process and results, including the cost for energy, which shall be fixed over the life of the contract; and
- establish a process for evaluating local solar programs within the first year following activation of the local solar program, and not less than every three years thereafter, to ensure that local solar programs are achieving the objectives of the act.

This legislation would take effect in 60 days upon enactment.

FISCAL IMPACT: Enactment of this legislation would have no direct impact on Commonwealth funds. The costs related to the bill would be borne by the EDC if it offers a PUC-approved solar energy program, but cost recovery is permitted by charging ratepayers who voluntarily subscribe for the program. The EDC shall recover all program costs, including the development, operation, implementation and reasonable administrative costs from each subscriber. Costs to unsubscribed energy may not be passed onto ratepayers by the EDC.

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House Appropriations Committee (R)

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Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.