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HOUSE OF REPRESENTATIVES

HOUSE CONSUMER AFFAIRS COMMITTEE HEARING

STATE CAPITOL
MAIN CAPITOL BUILDING
MAJORITY CAUCUS ROOM 140
HARRISBURG, PENNSYLVANIA

TUESDAY, SEPTEMBER 1, 2020

IN RE: HOUSE BILL 531
COMMUNITY SOLAR

BEFORE:

HONORABLE BRAD ROAE, MAJORITY CHAIRMAN
HONORABLE ROB MATZIE, MINORITY CHAIRMAN (V)
HONORABLE SHERYL DELOZIER
HONORABLE FRANK FARRY
HONORABLE ROB KAUFFMAN
HONORABLE RYAN MACKENZIE
HONORABLE THOMAS MEHAFFIE
HONORABLE ERIC NELSON
HONORABLE TINA PICKETT
HONORABLE CHRIS QUINN
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HONORABLE DONNA BULLOCK (V)
HONORABLE TINA DAVIS (V)
HONORABLE MARTY FLYNN
HONORABLE ED NEILSON (V)
HONORABLE PETER SCHWEYER
HONORABLE PAM SNYDER

STAFF MEMBERS ALSO IN ATTENDANCE:

PHIL KIRCHNER, REPUBLICAN CAUCUS, EXECUTIVE DIRECTOR
HEATHER RODGERS, REPUBLICAN CAUCUS, LEGISLATIVE ADMINISTRATIVE ASSISTANT II
MARCUS HUERTAS, REPUBLICAN CAUCUS
BETH ROSENTEL, DEMOCRATIC CAUCUS, EXECUTIVE DIRECTOR

JEAN M. DAVIS, REPORTER
NOTARY PUBLIC

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P R O C E E D I N G S

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MAJORITY CHAIRMAN ROAE: Good morning, everyone.

I'm calling this hearing to order. I think we're going to skip the attendance today just in the interest of time. We only have an hour to do this, so we're going to try to get started right away here.

The topic today is community solar. There's been quite a bit of interest on this legislation. Representative Kaufer has really been pushing for this legislation and he convinced me to have a hearing on the issue. He'll be talking about it in a little bit here.

When we look at our electricity supply in Pennsylvania, we have a very diverse portfolio of electric. It used to be almost all coal. Well, now it's coal and nuclear and natural gas. Solar is up to about one-half of 1 percent of all the electricity that's generated -- or purchased in Pennsylvania, I should say.

I'm just going to leave my opening comments brief. We do have members that are joining us online today. And we have members present here in the room. So we're going to try to get through the technology hurdles as well as we can.

And filling in for the Minority Chairman today is Representative Schweyer. I'll let him make his opening

comments now.

REPRESENTATIVE SCHWEYER: Thank you, Mr. Chairman.

This is a topic that has been a number of sessions now in the making. I remember being part of conversations in the 2017-2018 session. So this is an issue that is certainly worthy of this Committee's full consideration.

And I think this is a great first hearing on this topic. There's certainly a number of facets to it beyond just what the -- beyond the advocates for it. And there's some things that we're going to need to consider. But I really appreciate where this bill is going. I mean, I've been a prime sponsor of this bill for multiple sessions now -- or a cosponsor, excuse me.

I just want to make quick mention for the members and the public and members of the Legislature that are joining us on the Microsoft Teams feed, that is, to my right and in front of me here, that if you're using the chat feature, that will be a matter of public record.

It's something for you to kind of keep in mind that it's not like a caucus thing. I know our caucus uses this and sometimes there's conversations that go back and forth. I want folks to know that this is, in fact, all being recorded and all a matter of public record.

Thank you, Mr. Chairman.

MAJORITY CHAIRMAN ROAE: Thank you, Representative Schweyer.

And also if Representative -- if Chairman Matzie has the technology and capability, would you like to make any comments?

MINORITY CHAIRMAN MATZIE: Thank you, Mr. Chairman.

I just appreciate you having the hearing. I know we were supposed to have this back in March. I'm sorry my presence at the Capitol today is not able to happen, but I appreciate you having this. I'll leave it in the capable hands of Representative Schweyer to handle my duties, but I'll be listening and participating via Microsoft Teams.

It's an important topic, as I've said many, many times this session. Energy is vital to not only our history but to our economy. And any opportunity we have to have conversations about how energy policy proceeds and how energy policy plays out, it's an important topic.

So I appreciate you having this hearing. Thank you.

MAJORITY CHAIRMAN ROAE: All right. Thank you, Chairman Matzie.

And I would like to remind people, in addition to what Representative Schweyer was saying, remember to please

mute your microphones when you're not talking. And remember if you have your video camera on, we can all see you. So you might want to have your video camera off as well.

So we're going to get started here. Representative Kaufer, you're the prime sponsor of the legislation. You can start with your comments first, if you wish.

REPRESENTATIVE KAUFER: Thank you, Chairman Roae, Chairman Matzie, Acting Chairman Schweyer. I appreciate you having this hearing here today to talk about community solar and its impact that it could have here on Pennsylvania.

There are about 20 states right now, including I think all of our surrounding states right now, that are doing community solar. Right now there are developers out there trying to do these types of projects all throughout the Commonwealth to the tune of over $2 billion of private investment waiting to happen here in Pennsylvania. I'll say that again. To the tune of over $2 billion of private investment waiting to happen here in Pennsylvania.

There are thousands of jobs on the line with this legislation. And I might add that there are no State tax dollar s that are needed for these types of projects as well. So when we're talking about the amount of jobs, the amount the private investment happening here, especially at a time where our budget has been ravished by COVID, there's

no doubt that the revenue piece of this is not in the back of people's minds as we talk about this because when you have billions of dollars worth of investment, there is revenue that will be produced for our budget as well.

I would like to just -- before I turn it over, because I want to let the testifiers speak about the expertise on this besides just being the prime sponsor, I would like to comment about how important this is for our farmers throughout all of Pennsylvania.

Our farmers are viewing this type of legislation as their lifeline of keeping their farms up and running, of having property that they're currently not using or unable to use to actually be able to generate revenue to keep family farms up and operating.

The Farm Bureau has been very supportive of this legislation. And I think it's something that throughout rural Pennsylvania, suburban Pennsylvania, and urban Pennsylvania, this is a bill that works and something that we should try to highlight moving forward to make sure that we can get this type of investment, these types of jobs, revenue for our budget, and also clean and renewable energy here for Pennsylvania.

Thank you, Chairman. I'll pass it over to the testifiers.

MAJORITY CHAIRMAN ROAE: All right.

Thank you, Representative Kaufer.

Providing testimony today is going to be Leslie Elder, the Mid-Atlantic Director of Coalition for Community Solar Access; Chad Forcey, Executive Director of Pennsylvania Conservative Energy Forum; and Lauren Brunsdale, Associate Developer, Community Energy.

So is Leslie here? We can start with you. You're first on the list here.

Make sure that green light is on on your microphone, please.

MS. LESLIE ELDER: Thank you.

Also thank you, Chairman Roae and Schweyer. Thank you for giving the coalition for --

MAJORITY CHAIRMAN ROAE: Excuse me for one moment. Maybe have the microphone a little bit closer to you.

MS. LESLIE ELDER: Sure. Is that better?

MAJORITY CHAIRMAN ROAE: Yeah, it is.

MS. LESLIE ELDER: Great.

So thank you for giving the Coalition for Community Solar Access, which is also known as CCSA, the opportunity to discuss community solar policies in Pennsylvania.

I'm Leslie Elder. I am the Mid-Atlantic Director for CCSA. I am based in Pennsylvania and live in

Philadelphia. So this legislation is very near and dear to my heart. CCSA is a national coalition of businesses and non-profits who are working together in order to expand customer choice.

MAJORITY CHAIRMAN ROAE: Can you excuse me for one second?

MS. LESLIE ELDER: Sure.

MAJORITY CHAIRMAN ROAE: The equipment that's -- is there a way to turn that volume down a little bit without interfering with the people watching online. It's kind of distracting. We don't want to cut anybody off that's doing this remotely. But if we could reduce the volume on the equipment in the room here, that might make it easier for folks to hear that are in the room.

Okay. Go ahead. Continue.

MS. LESLIE ELDER: So our mission is to empower all American households and businesses who seek homegrown energy sources through community solar. We work with customers, utilities, stakeholders, and policymakers, like yourself, in order to make sure that we're implementing best practices that we've learned across the country.

Now, our businesses work every level of the steps through stakeholder engagement, through the development process to ensure that these best practices are not just theoretical but they are actually applied and practiced in

the field.

We have members who are headquartered in Pennsylvania, as myself, as well as Community Energy. And we also have others that are interested in investing in Pennsylvania. So today CCSA is very honored to submit testimony in support of House Bill 531.

Now, for some basics on what community solar is. Community solar is a product that is considered an in-between product between your rooftop insulations that you all are used to seeing, as well as it's smaller than the larger scale grid scale projects or better known as utility scale projects. It's considered distributed generation, so it happens behind the meter.

Community solar allows the private sector to work in collaboration with our utilities to provide homegrown energy sources to our local communities. And ultimately it reduces cost on our consumers. Community solar refers to local, third-party-owned, solar facilities shared by multiple community subscribers that receive a credit on their bill for the amount of energy that they use and the solar facility produce s.

Community solar provides homeowners, renters, and businesses equal access to solar energy that have often been left behind from being able to access that.

There are several barriers that prevent people

from having access to solar energy, including homeownership or building ownership. They don't have a roof that is suitable in order to host a facility itself. It can be financially burdensome.

So community solar really is the product that allows people to access solar energy without these common buyers. It expands access to solar for all. It provides energy choice for customers and diversifies our generation sources with homegrown energy. This ultimately builds a strong, distributed, and more resilient grid.

There are 40 states that currently have a community solar facility online. And 20 states, plus Washington, D.C., have passed legislation to enable community solar programs. Virginia was the most recent passing legislation this year. Ohio has introduced legislation this spring. Maryland, New Jersey, and New York also all have real best community solar programs currently.

These programs have created tens of thousands of jobs nationwide and have and will continue to spur local economic investments in each of those states.

Representative Kaufer's House Bill 531 will enable community solar projects in the Commonwealth by removing the red tape that is preventing them from becoming a competitive market. Most importantly this bill will not raise taxes. Furthermore, Representative Kaufer has

tirelessly worked to get feedback from numerous stakeholders across the state, including developers as members of CCSA, the electric distribution companies, the agricultural community, the building trades, and other critical stakeholders.

He's doing this to find a solution that will really work for Pennsylvania and our unique and diverse energy market.

When we see this bill pass, Pennsylvania will see a new stream of corporate investments from the solar industry. Why new? Because it's a new market. And this will create new jobs, a new stream of tax dollars for both the state and local municipalities, and new corporate investments into the Commonwealth.

One of CCSA's partner organizations, Vote Solar and NREL, which is also known as the National Renewable Energy Laboratory, modeled the economic benefits of House Bill 531. And as Representative Kaufer already stated, there will be over $2 billion in local economic benefits if only 1.5 gigawatts of community solar was built in the state. This does not include any local taxes that will be collected from these projects.

On average, the Commonwealth will see over $40 million per year for the next 25 years, which is the average life cycle of a solar facility. It is important to note

that CCSA member companies have already been making large investments into the Commonwealth with anticipation of the passage of House Bill 531.

Today there are over 220 shovel-ready projects in over 40 counties ready to go as soon as this bill passes. These developers have already invested between three and four million dollars in land leasings going directly to our farmers at this moment in anticipation of the passage of 531.

House Bill 531 will drive much-needed tax dollars into our Commonwealth and our local communities that have been hit very hard by the economic downturn and by the Coronavirus pandemic. These tax dollars, which are paid for by community solar developers, can help fund schools, decrease property tax burdens for seniors, fund critical infrastructure needs, or simply just refill the critical coffers that the government needs.

The Commonwealth will also see a 75 percent increase in solar jobs, including over 3,000 sustained jobs in the first five years. This program will pay an average family-sustaining wage of $33 per hour. This will create over $1 billion in economic earnings for Pennsylvania.

According to a Penn State report from the College of Agriculture Science on population trends and employment, we are experiencing both a decline in population as well as

job opportunities in our rural communities. Many of these new solar jobs will be in rural communities where the community solar facilities will be built and maintained.

We really do have a unique opportunity to reshape Pennsylvania with a new labor force built on innovation, technology, and free markets. There are numerous opportunities to develop a pipeline of innovative and skilled labor in non-urban communities with solar technology.

The impacts of COVID have been devastating for the Commonwealth. And with the current unemployment rate of 13.7 percent, community solar can add very much-needed new jobs at a time that our citizens are desperate for employment.

As mentioned earlier, community solar is considered behind the meter in its distributed generation. This means that all community solar facilities will be permitted at the local level and will be required to adhere to all conservation, land management, and local community requirements. No community solar facility will infringe on the property rights of landowners and are prohibited from development through eminent domain.

It is important to note that community solar facilities can only be built by meeting the unique means of the landowners and the surrounding communities. Community

solar presents an enormous opportunity for farmers in Pennsylvania to obtain year-round and dependable income to improve the economics of their family farms.

This is done by leasing a very small portion of their land for a community solar facility. This is a practice that is becoming more popular in rural America. The agricultural industry, as you all very well know, is central to Pennsylvania's rich history and economy. And it contributes to a significant amount annually to the State's exports.

As you know, the Commonwealth is home to the Mushroom Capital of the World and some of the most coveted dairy farms in the nation. However, after six straight years of declining milk prices, Pennsylvania dairy farmers are suffering. Furthermore, the Commonwealth is experiencing a loss of family farms. And in 2018 alone we lost 370 family farms.

And also farmers have only been breaking even. And I say barely breaking even since 2015. Now, I know that the farmers were given much-needed assistance by both the State and Federal Government through their relief packages. And through talking to them, I know that they are incredibly grateful for those things.

But the impacts felt by disruptions in the supply chain, institutions, and businesses who purchase their

commodities and increased volatility in markets will be felt for many years, if not decades, to come.

Many farmers do not see a feasible pathway for farm succession. And it is very important that this Legislature consider alternatives to bolster viability for farmers and support new farmers in succession planning. Farmers really do need help now, especially considering the average age of a Pennsylvania farmer is 55 and many of them will be looking to respectfully retire in the next few years.

CCSA and our member companies are committed to working hand in hand with the Pennsylvania Farm Bureau and individual farmers and local communities to develop land leasing best practices before the program is implemented. We are committed to building longstanding relationships anchored in trust with individual farmers, the Farm Bureau, and all others to execute contracts and leases that serve the farmer and the community's unique needs.

Additionally, the industry is committed to innovation and technology to make sure that panels are more efficient, we can make agro-photovoltaic uses and technologies readily available, dual-use practices, and development techniques to preserve the health and well-being of the land.

As I mentioned earlier, community solar

installations are an effective means of supplementing income to help keep family farms financially viable in very challenging and changing markets.

Bruce Sensenig of Lebanon, Pennsylvania, is developing a community solar project on his land in order for his family to continue farming. His son and his daughter-in-law are very hopeful that the community solar facility will give them the economic security that they need to take over the management of the entire operation from their father.

Without community solar, the possibility of preserving the family farm would not exist and the alternative would be to sell the land to a housing development. This would cause the loss of this prime agricultural land forever.

I recently met with a third-generation farmer in south central Pennsylvania who is a member of his local Farm Bureau. His name is Paul Mason. He is from Nottingham, Pennsylvania. He is fortunate enough to have land that crosses across the state line, so he has land in Pennsylvania and in Maryland.

In Maryland he has built a community solar facility on less than 10 acres of his land. This is allowing him to have the financial security blanket that he needs to weather the times that he has experienced through

COVID, as well as volatile market prices for milk. However, Mr. Mason is extremely eager to see the passage of House Bill 531 so he can also lease a small portion of his land in Pennsylvania. This is incredibly important to him as he wants the financial security for the next 25 years so he can pass this land on to his young children in the fourth generation.

Considering 98 percent of the farms in the Commonwealth are family-owned, enabling community solar legislation is economically significant for farmers, local municipalities, and Pennsylvania as a whole. For these reasons, and on behalf of farmers across the State, the Pennsylvania Farm Bureau has come out in full-throttled support of House Bill 531 and adopting community solar as a tool to provide new opportunities for Pennsylvania farmers.

So CCSA looks forward to working very closely with you, Chairman Roae, Schweyer, and Matzie, who is online, as well as the other members of the Consumer Affairs Committee and also with Representative Kaufer, in order to bring this new economic opportunity to Pennsylvania in 2020.

Thank you for your time. And I look forward to your questions.

MAJORITY CHAIRMAN ROAE: All right.

Thank you for your testimony.

We're going to wait until all three testifiers

testify and then we're going to do the questions.

So up next if we can have Chad Forcey from the Pennsylvania Conservation Energy Forum offer his testimony.

MR. CHAD FORCEY: Good morning, Chairman Roae, Chairman Matzie, Representative Schweyer, and members of the House Consumer Affairs Committee. My name is Chad Forcey and I am the Executive Director of the Pennsylvania Conservative Energy Forum.

The Pennsylvania Conservative Energy Forum, or PennCEF, is a 501(c)3 non-profit educational foundation committed to clean and renewable energy and energy diversity in the Commonwealth.

We are led by a board and leadership council of prominent Pennsylvania conservative leaders from government, industry, and education. This includes folks like former Lieutenant Governor Jim Cawley, former Reagan Administration Navy Secretary and 9-11 Commission member Dr. John Lehman, former State Representative Tom Stevenson, and many others.

PennCEF believes that renewables like solar, wind, and biomass should be included in our proud Pennsylvania all of the above energy sector. For PennCEF, all of the above means that renewables deserve full access to markets in addition to other significant sources like natural gas, nuclear, and coal.

The Commonwealth leads our nation in domestically

produced energy experts. Next-generation solar technologies bring the promise of even greater economic expansion to our strong and diverse energy portfolio. Clean and renewable energy jobs now account for the greatest portion of job growth in this sector as illustrated in the 2019 E2 Clean Jobs Pennsylvania Report.

The report found that Pennsylvania's clean energy jobs now stand at more than 90,000 and are growing at an annual rate of 6 percent, which is a growth rate five times the overall job growth in Pennsylvania prepandemic. As we emerge from the ravages of the pandemic, the need for economic recovery is paramount.

In the field of solar, legislation that opens markets to create more jobs and spur new investments represents a real win for Pennsylvania. House Bill 531 would accomplish these goals through the creation of a new community solar marketplace in the Commonwealth.

House Bill 531. As conservatives, we believe in open markets, less red tape, and greater economic freedom. House Bill 531 accomplishes these goals in the spirit of free-market capitalism which we cherish. We thank State Representative Aaron Kaufer and State Representative Donna Bullock plus the more than 80 additional House members, many of whom are on this Committee, who cosponsored the legislation for the introduction of the community solar

legislation in Pennsylvania.

House Bill 531 would allow the installation of solar projects by multiple residents, farmers, or businessowners on a single property. By extending this right to community solar organizations, House Bill 531 provides far greater numbers of PA citizens the opportunity to go solar.

As PennCEF leadership council member, former Reagan Administration Navy Secretary and 9-11 Commission member, Dr. John Lehman recently wrote in the Patriot News: The advantages of allowing groups of citizens to come together and complete a new solar project are many. It would be much easier to install solar arrays. Currently, the rule in Pennsylvania is one property, one solar project, but the cost is often too high for individual farmers or residents to develop a project on their own. Under the legislation, however, individuals could band together to finance each project.

So, in the farming context of farming, if one farmer has a ridgeline otherwise unusable for growing crops, he or she could form a community solar organization with a group of neighboring farmers. Collectively, they could get a loan for development and invest in their future as farmers.

This example can be applied proportionally in the

business and residential property contexts. By increasing access and leverage for development, House Bill 531 democratizes the ability to go solar for all of our Pennsylvania citizens.

This legislation is the necessary next step in opening new markets for electricity generation in Pennsylvania. If this legislation is not passed in 2020, we will keep the community solar market closed and homegrown solar generation will remain out of reach for many Pennsylvanians.

As 22 other states have found, opening these markets is good for jobs and the economy. So one way to make solar far more practical is to cut the red tape and open the door for new investors. We understand that upwards of $2 billion in new investments await the passage of this bill in 2020.

Our solar industry is an American industry, supplied by American companies that produce American electricity. At least 25 companies produce solar panels in the United States and more production is in the works from these and other American entrepreneurs.

PennCEF supports American solar manufacturing, installation and expansion and it is popular with all voters. Our polling, conducted by respected Republican pollster Glen Bolger, has consistently found that support

for solar at the national level is strong across all political and demographic groups from 74 to 76 percent on average. Our recent Pennsylvania numbers are even stronger, with 81 percent in favor of community solar, including more than 60 percent of Republican voters.

Additionally, I'm excited that if passed, House Bill 531 will bring a new energy market online without any new taxes or any new State expenditures. This bill, in other words, doesn't cost the Commonwealth a dime but it will generate significant economic growth.

I would be remiss if I did not mention the crisis in Pennsylvania agriculture, which was discussed, prior to the pandemic and has only worsened since then. Millions of gallons of milk have been dumped due to the breakdown of supply lines.

Dairy farms in Pennsylvania have borne the brunt of this new economic reality, but farms in every major commodity across Pennsylvania have been eligible for emergency Federal assistance totaling more than $123 million since February.

There is no question that House Bill 531 would help farmers to diversify their profits and be productive and take advantage of the unused open space on hillsides, on the roofs of barns, chicken houses, and other structures. On the land itself, farmers can take advantage of temporary

development enhancements. And solar panels are not permanent, by the way. Crops such as soybeans, pollinator-friendly crops and even beehives can flourish underneath solar panels.

So the Pennsylvania Farm Bureau has endorsed House Bill 531. Their 2019 Senate testimony on the subject states: We can see agriculture playing a key role in the development of community solar projects. Community solar would allow multiple landowners to pay for and receive credit from a group project.

We believe that Pennsylvania should open the door for community solar energy generation and give landowners the ability to participate in these projects if they so choose. We are calling on lawmakers to pass House Bill 531 so that more solar energy projects can get off the ground in Pennsylvania.

I'd like to thank the Committee for the opportunity to submit testimony on this important community solar legislation. To restate, PennCEF strongly supports the passage of House Bill 531.

I'll be happy to respond to any questions from members of the Committee. I can also be reached at the e-mail address listed here, which is chad.forcey@penncef.org.

Thank you very much.

MAJORITY CHAIRMAN ROAE: Thank you for your testimony.

And again, we're going to wait until after all three testifiers testify for the questions.

Our final testifier is Lauren Brunsdale from Community Energy. Lauren is going to be with us electronically, so hopefully this works out. I can see you. Hopefully we will be able to hear you.

Go ahead when you're ready, Lauren.

MS. LAUREN BRUNSDALE: Great. Thank you.

Just a quick test. Can you hear me?

MAJORITY CHAIRMAN ROAE: We can hear you and we can see you.

MS. LAUREN BRUNSDALE: Okay. Excellent. Thank you.

Well, thank you, Chairman Roae and members of the House Consumer Affairs Committee. Thank you for allowing Community Energy the opportunity to submit written and oral testimony in favor of House Bill 531.

Community Energy is a 25-year Pennsylvania-based company headquartered in Radnor. We specialize in developing wind and solar at scale across the country.

Today Pennsylvanians are not able to participate in the community solar market without legislative action to open the market and allow access to community solar. House

Bill 531 removes the red tape by enabling Pennsylvanians to participate in the community solar market through subscriptions to projects built in Pennsylvania. This new market will create the stability the industry needs to make investments in Pennsylvania now, bringing more jobs in every county and great economic stability to hardworking farming communities.

Solar produces more jobs per unit of electricity than any other source of generation and by a wide margin. Solar jobs are good-paying jobs, including electricians, surveyors, design and civil engineering, real estate, geotechnical and material procurement, distribution, construction, and operation and maintenance.

Solar works throughout the state from Erie to Pittsburgh to Scranton and to Philadelphia. There's immense solar electric generation potential in Pennsylvania and no county is left out, which is very unique.

Hundreds of your constituents and farming communities throughout the Commonwealth have recognized that solar and farming go hand in hand. And during times of economic hardship in our state, a wide array of farmers have already decided to lease a small portion of their land to farm the sun in exchange for a steady income and good stewardship of the farmland by the solar projects.

Solar is one of the best tools we have for

preserving farmland under development pressure. A solar project can pay three to five times the annual income from farming and it's guaranteed for the life of the project. And that allows the farmland to stay within the family for future generations.

We install posts and racking with minimal grading, without removing topsoil, and without concrete foundations. Essentially solar is installed the same way you put in a fence. You drive the piles into the ground and you can pull them back out. Cover crops like deep-rooted fescue grass and more recently pollinator-friendly cover crops also improve the organic content of the soil year by year as that land lays fallow so at the end of the life of the project it's improved farmland for that farmer.

At the end of the 25-year lease, backed by a decommissioning bond, a farmer can count on the removal of the solar equipment right down to pulling those posts out of the ground and it's improved farmland for the next generation. That's crucial for farmers, farm families, and all of us who depend on their crops and our energy.

Pennsylvania is behind on solar energy. There are 40 states that have at least one community solar facility online and 20 states, plus the District of Columbia, that have passed legislation to enable community solar projects creating investment opportunities in their

state or districts. Community solar projects, like Leslie said, are larger than typical rooftop setups, but they're smaller than the utility-scale installations.

They connect directly into the distribution grid and are considered behind-the-meter projects. As such, the economic drivers and benefits of community solar projects differ from the other market sectors but provide a huge benefit to the state. Community solar is not new, but it is a unique market that Pennsylvania has an opportunity to benefit from.

As an industry we have had many conversations with your Committee members about these benefits and have been focused on finding workable solutions that open the market and meet the needs of Pennsylvania. As such, Representative Kaufer has worked tirelessly in the creation of House Bill 531 to find a solution that builds a bridge for immediate investment in the Commonwealth, while also looking to find long-term market solutions.

There are many good examples of effective community solar markets around the country. In 2019, Illinois COMED, a sister company to PECO, developed a smart inverter service payment system that they tout as the most innovative market mechanism for community solar and EDCs. In 2014, Minnesota became the first state to adopt a value of solar policy. Some of the key components of that are

based on avoiding the need to build additional power plant capacity to meet peak energy; reducing wear and tear on the electric grid, including power lines, substations, and power plants; and purchasing energy from carbon-reducing sources.

One of the key values of community solar facilities are the avoided capacity, transmission, and distribution investments as a result of adding a community solar project to the grid.

When a community solar facility is connected to the distribution grid, a developer is required to pay any necessary and reasonable upgrade costs associated with allowing that facility to connect. And as such, the community solar facilities come online and they reduce the local stress of the system by meeting demand closer to the source.

Expanding distributed solar electric generation can defer or eliminate the need for new grid capacity investments, particularly to avoid the cost of investing in new power plants, transmission, and distribution lines, and other forms of electricity infrastructure. Furthermore, community solar developers will pay, as I said, for interconnection upgrades and the implementation of this community solar program at the Public Utility Commission.

An additional key benefit of solar electric generation is that by producing more power during the hot

sunny days when demand is the highest, with no additional fuel or operating cost, solar generation suppresses higher energy prices during the times of peak demand, reducing the cost of electricity during those key hours, sometimes called peak shaving or price suppression.

This is not a new phenomenon but it has been seen routinely in markets with higher percentages of renewables. We quantified those savings in an economic dispatch study that confirmed adding a significant amount of Pennsylvania solar reduces overall wholesale electricity costs for PA customers.

House Bill 531 offers Pennsylvania an important opportunity to allow greater access to solar energy while also stimulating local jobs and creating new investment for farming communities that are the cornerstone of what makes the Commonwealth so great.

Thank you for the opportunity to present some of the facts on solar electric generation in Pennsylvania.

MAJORITY CHAIRMAN ROAE: All right. Thank you for your testimony.

We're going to open it up for questions now.

I would like to ask that questions and answers be brief. We only have about 19 minutes remaining that we can be in this room.

I'm going to have the first question. Obviously,

the benefits of community solar are obvious. It helps farmers. People that want to be involved with that that don't have enough land, they can do it. Having a diversified portfolio of production, generation of electricity is a good thing.

The main concern that some folks have with the legislation is normally, you know, when you look at an electric bill, there's the charge on there for the cost of energy. Then there's the charge for the distribution and then there's a charge for the transmission. Those distribution charges and transmission charges, that's what maintains our electric grid, all the poles, the lines, the substations.

The way this legislation is written, the community solar folks would get the full retail price of the electricity and nothing would be contributed towards helping to maintain the grid. So that's the main stumbling block with the legislation.

Would any of the three testifiers want to address that issue briefly?

MS. LESLIE ELDER: I'm Leslie Elder, the Mid-Atlantic Director for CCSA. Yeah, there are multiple ways that you can facilitate the starting of a community solar market utilizing net metering, which House Bill 531 as written is one of the many ways.

There are other ways that can also be utilized that Representative Kaufer has been working towards through the mini stakeholder meetings. And Lauren actually referred to a couple of them.

So the smart inverter, which was actually created by COMED and its sister company of PECO is interested in developing a smart inverter program -- they did this in Illinois -- that actually provides the utility as a regulatory asset in order for them to be able to do a lot of those things that you're actually addressing.

There's also the value stack, which is a way for the State of Pennsylvania to be able to gradually look at the benefits of what needs to happen in order to maintain a community solar market. The one thing that I would say on this is that in order to make sure that we get that correct, it does take time and a significant amount of analysis from the PUC.

Thank you.

MAJORITY CHAIRMAN ROAE: Okay. Thank you.

Our next question is going to be Representative Schweyer. He's asking a question. I believe it's on behalf of Chairman Matzie.

REPRESENTATIVE SCHWEYER: I'm going to ask the questions. And I believe both of them are on behalf of Chairman Matzie. And if not, I'm sure Rob has no problem

telling me that I didn't.

First question, would the Coalition be okay if the PUC would have a licensing component like they do with other generations? You're nodding your head yes, so you're fine with the PUC licensing.

And my second question -- and thank you, Chairman, for the opportunity. I should have started with that. The consumer advocate in their written testimony that they provided us was asking specifically about a 2 megawatt cap per development site. Can you expand just a little bit on the size? You talked about a rough generation to get to that $2 billion of economic development. You talked about a 1.5 gigawatt of development.

MS. LESLIE ELDER: Yes.

REPRESENTATIVE SCHWEYER: So how big are each one of these sites? And if the consumer advocate suggested a 2 megawatt cap per site, how would that impact your development in your industry?

MS. LESLIE ELDER: Yeah. Thank you for the question.

So specifically the legislation at this moment in time has a limit of a 5 megawatt cap. The big thing on this is that it's economy of scale . So the ability to build distributed generation, which still needs to be a small facility, to be specific up to that 5 megawatts actually

lowers the cost of the market as a whole in order to be able to ensure that we can actually pass on more savings to our customers itself.

REPRESENT IVE SCHWEYER: Thank you, Mr. Chairman.

MAJORITY CHAIRMAN ROAE: Thank you.

Our next question is -- and everybody please be brief -- from Representative Nelson.

REPRESENTATIVE NELSON: Thank you, Mr. Chairman.

My question comes -- I was texting back and forth with farmers and other individuals interested in community solar. One of the roadblocks that some of our farmers are experiencing is that depending on programs they may be participating now, they're not allowed to do solar. They can do gas but they are not allowed to harvest the sun, as the third testifier, even though they can still do bees, sheep, goats.

I know that's not in here. But how do we address that issue? And then can you touch on best payment practices? We've had some stumbling blocks with gas percentage payments that landowners learned after the fact. How will payments be instituted consistently for farmers and others?

MS. LESLIE ELDER: So I'll answer part of it and then I may defer some of this to Lauren who actually does the contracts themselves.

So as far as -- I'm assuming that you're referring to the Clean and Green Program as one of the stumbling blocks with farmers. Two things. This legislation will actually remove the red tape that is preventing farmers from being able to participate in development of community solar, which will do a couple of different things.

One, they will be able to build community solar onto their properties itself, provide the local communities around them cost savings on energy. But they can also subscribe to the community solar facility in order to receive cost savings on their own very large energy burdens. So that is the crux of this legislation itself.

As far as Clean and Green Programs go, that is a negotiation that happens within the developers and the landowners. And the developers tend to pay the back taxes in order to be able to make that happen. And we also are committed in order to make sure that we can do any of the other changes that need to happen once this legislation is passed.

As far as the land leasing, we are working hand in hand with the Farm Bureau in order to ensure that we are getting common principles around land leasing itself that will be understood by the developers and the Farm Bureau for local farmers in order to ensure that we can avoid some of

the problems that have happened in the past with leasing and farmers in particular.

But Lauren has been doing this for a very long time and has direct experience. So it might be helpful if she can give you the direct experience on the ground for both Clean and Green and leases.

MAJORITY CHAIRMAN ROAE: Go ahead, Lauren. And briefly, if you will.

MS. LAUREN BRUNSDALE: Yep. Absolutely.

A bit more context on how the solar leases typically work. We offer a dollar-per-acre value which is paid annually over the course of the lease. So that can be 20 to 40 years for individual leases. And almost all companies also have that number being applied with an escalator. So it's escalating over time.

And while we're in lease negotiations with any landowner, we always advise them to seek legal counsel going through that process and make sure that they fully understand all of the lease terms and are very comfortable with them.

Again, mentioning what Leslie already stated. But if a parcel is in the Clean and Green Program, we will pay those rollback taxes in addition to the other property taxes associated with the project.

MAJORITY CHAIRMAN ROAE: All right. Thank you.

Our next question is Representative Delozier.

REPRESENTATIVE DELOZIER: Thank you, Mr. Chairman. Thank you for the opportunity.

Part of my question was asked earlier as to the full authorization with the PUC regulation. And that kind of rolls into my second question, which is, in the bill it stipulates the fact that the PUC will ensure customer participation for each customer class.

Obviously, they did a lot of rollouts when it came to shopping and that type of thing. But at this point in time without that registration or jurisdiction, the benefit is solely to the developer. So the state is going to be paying to advertise for the developer to expand.

Can you give a little bit of information as to the fact of why a State agency would need to advertise for a private entity?

MS. LESLIE ELDER: Yes. Actually, there are multiple levels of people who participate in community solar. So we have the developers themselves. A lot of them do their subscriber acquisition in-house. But we also have subscriber acquisition companies that go in and do the advertising and work to find the subscribers. So that would not necessarily be a burden of the PUC as much as we want to make sure that the PUC has the ability to have transparency into the market so customers can actually see who is

participating in the community solar program and register with the state.

REPRESENTATIVE DELOZIER: Right. But the bottom line is still a matter of the PUC as being required to make sure all classes are represented in using community solar?

MS. LESLIE ELDER: Correct.

REPRESENTATIVE DELOZIER: So that's like a mandate on the PUC to make sure that happens?

MS. LESLIE ELDER: It's not -- well, no, it's not a mandate on the PUC from an advertising perspective. It is more of a mandate from a consumer protection's perspective.

REPRESENTATIVE DELOZIER: Okay.

MS. LESLIE ELDER: These are best practices that we've seen in other states in order to ensure that the customers have the confidence within the subscriber acquisition companies and the developers.

REPRESENTATIVE DELOZIER: And that was a concern with the consumer advocate as well.

And one last question real quick. The actual cost of -- one of the parts is dealing with low income. Do you see the cost of this project and community solar being less than the basic default cost?

MS. LESLIE ELDER: Correct. Yes.

REPRESENTATIVE DELOZIER: You do?

MS. LESLIE ELDER: Yes.

REPRESENTATIVE DELOZIER: Okay. Thank you.

Thank you, Mr. Chairman.

MAJORITY CHAIRMAN ROAE: All right.

Our next questioner is Representative Mehaffie.

REPRESENTATIVE MEHAFFIE: Thank you, Mr. Chairman.

My question going back is, we all know that solar produces electricity about 25 percent of the time. What is and what will facilitate if we have a year like we did a couple years ago where we didn't have a whole lot of sunny days and we know that we're not producing at night? What is and what happens as far as meeting the demand for your solar communities?

And on the other side of this is -- and I want to get this out real quick -- this is a good bill and I'm on it. But my concern is green space, too.

MS. LESLIE ELDER: Um-hmm.

REPRESENTATIVE MEHAFFIE: My concern is using farmland that's not usable. I get that.

MS. LESLIE ELDER: Um-hmm.

REPRESENTATIVE MEHAFFIE: Using parking lots, those types of situations is where I'd like to see more solar. But at the end of the day, it's this General Assembly that should be having a full comprehensive talk about all energy, this kind of energy, nuclear energy, gas,

oil, coal, everything. That's what we need a comprehensive plan on. And that's what this should be part of, because we know that there's problems, as the Chairman said from the get-go. And I know that we should be having more of these discussions and reaching out and having more people here.

And the very last thing is, how many square acres does it take per megawatt to production? Go ahead.

MS. LESLIE ELDER: All right. Thank you for that.

I'm going to take your questions one by one, if I may. So for the first question, what happens when the sun doesn't shine or when the wind doesn't blow? There's multiple different things. But I think one of the things that makes community solar a really wonderful choice for Pennsylvania itself is that we are not looking to replace any other forms of energy generation.

This specifically works very well with our current energy generation systems because when the sun doesn't shine, these customers are still part of the utilities' customer base and are still connected to the grid.

Therefore, if the sun doesn't shine and they're not producing actual energy, other energy sources like natural gas can rev up and ensure that those people continue to stay on and the grid is viable.

For your second question, you know, I've been following you for a very long time and all of the work that you've been doing on energy and I think it's incredibly impressive. I will say to that end, we are making investments, as I said in my testimony, to three to four million dollars right now in order to secure land and other resources in order to be able to get this market up and running.

However, if this doesn't pass in 2020, the sun does shine in other states. And so, as we said, there are other states that have community solar programs. This is really the time that we need in order to be able to get that market certainty.

Lastly, your question was around acres. It takes about six acres depending on a lot of different qualifications, including conservation and setbacks and fencing and so on and so forth. But on average it's about six acres per megawatt.

REPRESENTATIVE MEHAFFIE: Thank you.

MR. CHAD FORCEY: And if I could add to the question, Representative.

And I want to echo what Leslie said. I appreciate your interest in a state energy plan. I agree with you that that is needed. Our organization advocates for all of the above. And we want renewables to be a part

of the other sources of energy that Pennsylvania is well known for.

I believe that the community solar bill is going to promote solar projects that are going to integrate well into the existing grid, No. 1.

And No. 2, when the sun does not shine, let's bear in mind that the next generation solar PV panels that are being installed now actually can generate electricity even on cloudy days. It's one of those things that's not well known. But the technology has really increased in recent years in terms of the viability of a solar system even on a cloudy day, No. 1.

No. 2, through energy storage, we have enabled solar units to be far more viable in terms of the generation of electricity. So if they're generating more electricity than is needed on a given day, a lot of farms right now are coupling those solar installations with lithium ion batteries. And what we're seeing is that they're actually saving up energy for the nighttime that they're able to use.

I had a tour recently of a farm in Bucks County, Pennsylvania, where they power their refrigeration equipment to preserve horticultural crops and flowers at night using the battery storage components. And without digressing, I'm happy to say that our organization supports Federal legislation that would incentivize even more battery storage

to be coupled with solar.

And then finally, as far as green space preservation and land preservation is concerned, one of the nice things about solar is that it's a temporary installation. They're not intended to be permanent. So if a farmer has a fallow field, for instance, he or she could certainly put solar on that field. And then if they decided that they needed to plant on that field, it's easily removed, No. 1.

And No. 2, there's those crops that we've talked about like soybeans, pollinator friendly crops, and a number of others that can coexist and actually be grown underneath solar panels.

So we are really excited about the opportunities here and the promise of this legislation to help our farms.

MAJORITY CHAIRMAN ROAE: Just to kind of put things in perspective. Currently about one-half of 1 percent of all electricity in Pennsylvania is from solar. So questions about what if the sun is not shining, you know, 99.5 percent is from other sources.

And then also just to put things in perspective, a typical natural gas power plant might be, you know, 500 megawatts. So the comparable land for solar would be about 3,000 acres to produce the electric. And, you know, some power plants generate 1,000 megawatts. So it's just to kind

of keep things in perspective.

But our next questioner is going to be Representative Pickett.

REPRESENTATIVE PICKETT: Thank you, Mr. Chairman.

I know we're on a time bind.

I was interested in the Clean and Green issue also. And I believe for the gas industry, natural gas industry, we actually had to legislatively carve out that commercial use of that property and make sure that the property tax picture changed. So that was of interest to me also.

I am just wondering quickly, where do our rural electric companies stand on this?

MS. LESLIE ELDER: So conversations with the electrics have happened. I know that the rural electrics are moving in a direction of trying to diversify their energy generation. I cannot speak to where they actually are on the community solar bill, although Representative Kaufer may have a greater update on that.

REPRESENTATIVE PICKETT: Thank you.

MAJORITY CHAIRMAN ROAE: Okay.

That's the last question.

Just for the record, I usually alternate between Republican members and Democrat members asking questions. We didn't have a lot of democratic questions today.

We are going to be having a future hearing on Representative Mizgorski's legislation, House Bill 1970, which also deals with solar energy. So that announcement will be coming at a future day.

I would like to thank all the members and all the testifiers who came today. And any of the members -- we're always happy to talk about this issue as well as any others.

I would like to commend Representative Kaufer for working really hard on this issue. And probably the main thing that most of us can relate to in this legislation is how it would help our farmers. Some farmer might be thinking about closing the farm, but they can lease some of their land and this keeps the farm open, preserves our food supply. You know, that is a good thing obviously.

And all legislation gets amended along the way. Usually what happens is legislation gets amended to the point of where there's enough support for it to pass. If it doesn't get amended, it doesn't pass. That's usually just how it works.

Representative Schweyer and/or Chairman Matzie, would you have any closing comments that you would like to make?

REPRESENTATIVE SCHWEYER: No, sir.

MAJORITY CHAIRMAN ROAE: Chairman Matzie?

MINORITY CHAIRMAN MATZIE: No.

Thank you again for having the hearing. I jokingly texted my good friend from Dauphin, Representative Mehaffie, for using my line that both he and I have used many times over the course of this session more for an all energy policy discussion and this just falls right in line with it. So I appreciate the opportunity.

I look forward to future discussions.

MAJORITY CHAIRMAN ROAE: All right. Thank you.

Representative Kaufer, any final comments that last about a minute or less?

REPRESENTATIVE KAUFER: I'll waive off.

MAJORITY CHAIRMAN ROAE: Okay. He waives off.

Well, thank you, everybody. We are up on the Floor in a couple minutes. This hearing is now adjourned.

Thank you.

(Whereupon, the hearing concluded.)

I hereby certify that the proceedings and evidence are contained fully and accurately in the notes taken by me on the within proceedings and that this is a correct transcript of the same.

Jean M. Davis
Notary Public