

Testimony on Behalf of PECO Regarding Solar Energy in Pennsylvania
Tom Bonner, Manager, State Government Affairs
Before the Pennsylvania House of Representatives Consumer Affairs Committee
August 26, 2021

Thank you, Mr. Chairman, and members of the committee for the opportunity to testify today on the future of solar energy in Pennsylvania. I am Tom Bonner, Manager, State Government Affairs of PECO. PECO is the electric distribution company (EDC) serving 1.6 million customers in southeastern Pennsylvania, and we are pleased to work with our customers and communities to deliver clean and affordable energy solutions.

Along with our colleagues at the other Exelon Utilities companies, earlier this month, PECO announced our “Path to Clean” initiative to reduce our greenhouse gas (GHG) emissions footprint by 50% from 2015 levels by 2030 and establish a goal of net zero GHG emissions by 2050. While these goals reflect our internal operations, we are also committed to assisting our customers in reducing their emissions footprints as well. At PECO, we believe that a clean energy future requires investing in people, developing new programs, and promoting policies that will make clean energy more accessible, more affordable, and more equitable for our customers and communities.

At PECO, we believe a clean energy future begins with people – specifically education, workforce development, and building our internal capacity to work with customers who are interested in installing solar on their homes and businesses. PECO is proud to sponsor the Bright Solar Future program with the School District of Philadelphia and the Philadelphia Energy Authority (PEA) to teach young people about solar energy and help stoke their interest in the clean energy jobs of the future. We’ve also partnered with the Opportunities Investment Council (OIC) to support their Smart Energy Technical Training program to provide workforce training for individuals from diverse communities who are interested in energy careers. We’ve also built up our internal capabilities by establishing our Green Power Connect organization to work with customers and developers to identify solutions to complete solar interconnections more quickly and at lower cost. We were recently pleased to hire an outstanding OIC graduate for a paid internship within Green Power Connect.

The second component of our strategy is the development of new program offerings to promote solar in our region. PECO is currently in the process of executing our innovative local solar program to obtain 4,000 solar renewable energy credits (SRECs) from within our service territory while still meeting Pennsylvania’s least-cost requirements. Also, through our research and development team, we’re allowing our customers to avoid expensive interconnection costs by installing “smart inverters” that ensure that customers’ solar installations will not overload the distribution grid in areas that are capacity constrained. We’re continuing to work with national industry groups and local solar developers and advocates to identify other potential initiatives that will create “win-win” opportunities for customers and the environment.

The final piece of this puzzle is public policy. Pennsylvania's Alternative Energy Portfolio Standards (AEPS) requirements were established in 2004 and have reached the peak levels established at that time. The AEPS law requires all energy suppliers to acquire SRECs equaling 0.5% of their total energy delivered to retail customers. For EDCs, these credits must be purchased through least-cost competitive procurements to ensure that our default service customers are paying the lowest possible price for these environmental attributes. As you are aware, there is also an 8% requirement for other renewables (Tier 1) and 10% requirement for other alternative energy resources (Tier 2).

Over the last 15+ years, the AEPS has proven to be an efficient, cost-effective tool for integrating solar and other alternative energy resources into the Commonwealth's electric generation mix. PECO believes that expanding the AEPS requirement is the most efficient way to continue growing solar energy in the state. Along with a complementary set of policies, we can substantially increase solar's share of our electricity mix while still ensuring affordability and equity.

PECO's comprehensive solar proposal includes the following key elements:

- Increase the state's solar AEPS requirement by 900% to 5.0% by 2030
- Authorize "community solar" programs that allow customers who cannot install solar on their own homes or businesses to purchase virtual shares in large-scale local solar projects while ensuring these customers pay for the use of the distribution grid
- Ensure recovery for longer-term utility SREC competitive procurement contracts
- Provide bonus credits for rooftop solar projects to enable them to compete with large-scale projects in the AEPS credit market
- Permit EDC ownership of low-income focused community solar projects to ensure that all customers can share in the benefits of the technology
- Update the compensation system for solar customer-generators to better reflect the financial value of solar energy when it is produced (average mid-day energy value vs. 24/7 average), and
- Phase-out full retail rate net metering to eliminate regressive cost-shifting and allow the establishment of distribution generation-specific rates

We commend Representative Quinn for the leadership role he has taken in proposing House Bill 1080 which incorporates a number of these elements and hope the committee can work on a bipartisan basis to develop a framework that expands solar in the most equitable and cost-effective manner possible.

Thank you for the opportunity to testify today.