



Industrial Energy Consumers of Pennsylvania

The Voice of Large Energy Consumers

January 8, 2024

Re. Hearing on House Bill 1842

Dear Chairman Matzie and Chairman Marshall,

The Industrial Energy Consumers of Pennsylvania (IECPA) is a trade association of energy intensive large manufacturing companies with one or more facilities in the Commonwealth of Pennsylvania with employees across the state. Formed in 1982, IECPA is the recognized voice of large energy consumers in Pennsylvania and played a critical role in the restructuring of both the electric and natural gas industries. IECPA member companies provide good paying jobs to over 25,000 Pennsylvanians. We write to provide additional feedback regarding House Bill 1842 sponsored by Rep. Pete Schweyer.

IECPA is supportive of a diverse electricity generation supply structure, and we believe the best way to achieve that structure is to strike a balance between three critical elements:

- 1) Reliability
- 2) Cost Competitive Pricing
- 3) Environmental Protection

We believe environmental protection must be achieved while also ensuring reliability and competitive pricing. This requires that we review the impact in each of these areas with an open mind and real research and analysis. IECPA members have recent experience in Maine where these three issues were not balanced. Now customers there who do not receive any benefit from the community solar facilities are experiencing large electric utility rate increases. Therefore IECPA submits these questions and concerns regarding House Bill 1842 and welcomes the opportunity for further discussion.

Questions / Comments:

- 1) The definition of "Bill credit", on page 3, line 29 (P.N. 2281) states, "The commission-approved monetary value of each kilowatt hour of electricity generated by a Community Solar facility and allocated to a subscriber's monthly bill to offset any part of the subscriber's retail electric bill other than volumetric or demand-based distribution charges."
 - a) A subscriber's monthly bill from who – the electric distribution company?
 - b) What is the definition of "distribution charges"? For example does this include Act 129 Alternative Energy program charges, Energy Waste Reduction program charges, Gross Receipt Tax, etc.? If so, wouldn't this create a subsidy that all other customers would need to pay for?



Industrial Energy Consumers of Pennsylvania

The Voice of Large Energy Consumers

- c) Given that the community solar facility is only providing energy supply and not reducing any of the subscribing customers distribution/delivery service, how can the distribution utility be required to provide a Community Solar bill credit to a retail choice customer who the utility has no obligation to provide energy supply? Wouldn't this create a subsidy that all default service customers would need to pay for?
 - d) The definition of "Community Solar facility" on page 4, line 12 (P.N. 2281) states, "Is connected to and delivers electricity to a distribution system operated by an electric distribution company..." Because the mere physical delivery of electricity does not establish a contractual obligation to provide/sell the energy and related capacity to the electric distribution company, the requirement for the electric distribution company to provide a bill credit needs to be paired with a requirement for the Community Solar organization to provide the energy and capacity to the electric distribution company.
- 2) The definition of "Guaranteed savings" states, on page 6, line 7, P.N. 2281, "Realized savings as the difference between the cost of a subscription to a Community Solar facility and the credit received for the generation attributed to the subscription." Who is guaranteeing the savings and how do they do it? The energy and capacity supply price to a customer varies related to the market price (i.e. the distribution utilities purchase energy and capacity from the market to supply their default customers) while the subscription price is set by the Community Solar Organization.
- 3) Section 5. (a) on page 7, line 25, P.N. 2281, regarding the "Credit" - How can the electric distribution utility provide a bill credit to retail choice customers who do not purchase electricity from the utility? Even if the Community Solar facility provides the associated energy and capacity to the utility, what is the utility supposed to do with the supply when they do not have an obligation to supply electricity to that customer. This seems to violate other provisions of the law regarding the utilities purchase of electricity supply only for default service customers. Community Solar only seems to work for default service customers where the utility has an obligation to supply electricity.
- 4) Section 10. on page 12, line 5, P.N. 2281, Unsubscribed energy - Again this appears to violate other provisions of the law which only allow the EDC utilities to purchase electricity to meet their supply obligations to default service customers. Even if the Community Service program is limited to Default Service Customers, the utilities should not be obligated to purchase more supply than is needed to serve those customers. If they have to sell this purchase at a loss will this cost be only collected from the subscribing customers, or will all Default Service Customers incur higher costs?
- 5) Section 10. Unsubscribed energy – How can the electric distribution company purchase bill credits from a community solar facility?
- a) The definition of a "Bill credit" is a kwh that has been allocated to subscriber's monthly bill. This Unsubscribed energy has not been allocated to a subscriber.



Industrial Energy Consumers of Pennsylvania

The Voice of Large Energy Consumers

- b) Again, this appears to violate other provisions of the law which only allow the electric distribution companies to purchase electricity to meet their supply obligations to Default Service Customers.
- c) Even if the Community Service program is limited to Default Service Customers, the utilities should not be obligated to purchase more supply than is needed to serve those customers. If they have to sell this purchase at a loss will this cost be only collected from the subscribing customers, or will all customers incur higher costs?
- d) Again, where in the bill does it provide the electric distribution companies ownership of the energy and capacity from the community solar facility to allow them to sell unsubscribed energy?

As noted, there are many technical and legal concerns regarding this bill that the committee members should consider and resolve. We reiterate that Community Solar only seems to work for default service customers where the utility has an obligation to supply electricity.

Respectfully submitted,
INDUSTRIAL ENERGY CONSUMERS OF
PENNSYLVANIA (IECPA)

By

Rod Williamson
Executive Director

cc.: Members of the House Consumer Protection, Technology and Utilities Committee