
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1799 Session of
2017

INTRODUCED BY BULLOCK, DONATUCCI, BOYLE, THOMAS, SOLOMON,
DRISCOLL, KINSEY, RABB AND ROZZI, SEPTEMBER 21, 2017

REFERRED TO COMMITTEE ON CONSUMER AFFAIRS, SEPTEMBER 21, 2017

AN ACT

1 Amending Title 66 (Public Utilities) of the Pennsylvania
2 Consolidated Statutes, in restructuring of electric utility
3 industry, further providing for duties of electric
4 distribution companies and for additional alternative energy
5 sources.

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

8 Section 1. Section 2807(e) (3.5) and (5) of Title 66 of the
9 Pennsylvania Consolidated Statutes are amended and the
10 subsection is amended by adding a paragraph to read:

11 § 2807. Duties of electric distribution companies.

12 * * *

13 (e) Obligation to serve.--A default service provider's
14 obligation to provide electric generation supply service
15 following the expiration of a generation rate cap specified
16 under section 2804(4) (relating to standards for restructuring
17 of electric industry) or a restructuring plan under section
18 2806(f) is revised as follows:

19 * * *

1 (3.5) Except as set forth in paragraph (5) (ii) and
2 (iii), the provisions of this section shall apply to any type
3 of energy purchased by a default service provider to provide
4 electric generation supply service, including energy or
5 alternative energy portfolio standards credits required to be
6 purchased under the act of November 30, 2004 (P.L.1672,
7 No.213), known as the Alternative Energy Portfolio Standards
8 Act. The commission shall apply paragraph (3.4) to comparable
9 types of energy sources. A default service provider may elect
10 to satisfy the requirements of the Alternative Energy
11 Portfolio Standards Act on behalf of all load serving
12 entities serving load within the service area of the default
13 service provider.

14 * * *

15 (5) (i) Notwithstanding paragraph (3.1), the electric
16 distribution company or commission-approved alternative
17 supplier may, in its sole discretion, offer large
18 customers with a peak demand of 15 megawatts or greater
19 at one meter at a location in its service territory any
20 negotiated rate for service at all of the customers'
21 locations within the service territory for any duration
22 agreed upon by the electric distribution company or
23 commission-approved alternative supplier and the large
24 customer. The commission shall permit, but shall not
25 require, an electric distribution company or commission-
26 approved alternative supplier to provide service to large
27 customers under this paragraph. Contract rates entered
28 into under this paragraph shall be subject to review by
29 the commission in order to ensure that all costs related
30 to the rates are borne by the parties to the contract and

1 that no costs related to the rates are borne by other
2 customers or customer classes. If no costs related to the
3 rates are borne by other customers or customer classes,
4 the commission shall approve the contract within 90 days
5 of its filing, or it shall be deemed approved by
6 operation of law upon expiration of the 90 days.
7 Information submitted under this paragraph shall be
8 subject to the commission's procedures for the filing of
9 confidential and proprietary information.

10 (ii) For purposes of providing service under this
11 paragraph to customers with a peak demand of 20 megawatts
12 or greater at one meter at a location within that
13 distribution company's service territory, an electric
14 distribution company that has completed its restructuring
15 transition period as of the effective date of this
16 paragraph may, in its sole discretion, acquire an
17 interest in a generation facility or construct a
18 generation facility specifically to meet the energy
19 requirements of the customers, including the electric
20 requirements of the customers' other billing locations
21 within its service territory. The electric distribution
22 company must commence construction of the generation
23 facility or contract to acquire the generation interest
24 within three years after the effective date of this
25 paragraph, except that the electric distribution company
26 may add to the generation facilities it commenced
27 construction or contracted to acquire after this three-
28 year period to serve additional load of customers for
29 whom it commenced construction or contracted to acquire
30 generation within three years. Nothing in this paragraph

1 requires or authorizes the commission to require an
2 electric distribution company to commence construction or
3 acquire an interest in a generation facility. The
4 electric distribution company's interest in the
5 generation facility it built or contracted to acquire
6 shall be no larger than necessary to meet peak demand of
7 customers served under this subparagraph. During times
8 when the customer's demand is less than the electric
9 distribution company's generation interest, the electric
10 distribution company may sell excess power on the
11 wholesale market. At no time shall the costs associated
12 with the generating facility interests be included in
13 rate base or otherwise reflected in rates. The generation
14 facility interests shall not be commission-regulated
15 assets.

16 (iii) An electric distribution company that owns an
17 alternative energy system, as defined under section 2 of
18 the Alternative Energy Portfolio Standards Act, may use
19 alternative energy and alternative energy credits
20 generated by an alternative energy system to satisfy the
21 solar photovoltaic requirements of the Alternative Energy
22 Portfolio Standards Act associated with the electric
23 distribution company's default service load or on behalf
24 of all load serving entities serving load within the
25 service territory of the electric distribution company.
26 An electric distribution company may sell alternative
27 energy generated by the alternative energy system on the
28 wholesale market if the net proceeds from the sale are
29 returned to the customers from whom the cost of the
30 alternative energy system is being recovered.

1 Notwithstanding any provision of law to the contrary, an
2 electric distribution company shall be permitted to
3 recover a pretax return on, and a return of, the
4 depreciated original cost of an alternative energy system
5 and the reasonable prudent expenses incurred to operate
6 and maintain an alternative energy system, provided that
7 the alternative energy system is used for the purpose
8 provided under this subparagraph and has been procured
9 through a commission-approved competitive procurement
10 process. If an alternative energy system is used to
11 satisfy the solar photovoltaic requirements associated
12 with all load serving entities serving load within the
13 service territory of an electric distribution company,
14 the costs shall be recovered through a nonbypassable,
15 competitively neutral charge. If an alternative energy
16 system is used only to satisfy the solar photovoltaic
17 requirements associated with the electric distribution
18 company's default service load, the costs shall be
19 recovered in accordance with paragraph (3.9). The costs
20 of any alternative energy system recovered under this
21 section shall not otherwise be recovered from customers
22 except to the extent authorized by the commission.

23 (5.1) An electric distribution company may enter into a
24 contract, including a long-term contract, for the procurement
25 of alternative energy credits in accordance with a
26 commission-approved procurement process to provide
27 competitively neutral alternative energy credit products for
28 customers. The costs of the alternative energy credit
29 products shall only be recoverable from customers purchasing
30 the alternative energy credit products except to the extent

1 authorized by the commission.

2 * * *

3 Section 2. Section 2814 of Title 66 is amended by adding
4 subsections to read:

5 § 2814. Additional alternative energy sources.

6 * * *

7 (d) Incentives for customer-generators.--Subject to
8 commission approval, an electric distribution company may offer
9 incentives to net-metered customer-generators, as provided in
10 the Alternative Energy Portfolio Standards Act, to install
11 equipment on the customer's net-metered distributed generation
12 system to enable the electric distribution company to monitor
13 and control energy delivered to the distribution grid from the
14 system and to store excess energy produced by the system. The
15 costs of the incentives shall be recoverable under an automatic
16 energy adjustment clause under section 1307 (relating to sliding
17 scale of rates; adjustments).

18 (e) Low-income programs.--An electric distribution company
19 that owns an alternative energy system, as defined under
20 section 2 of the Alternative Energy Portfolio Standards Act, may
21 use alternative energy and alternative energy credits generated
22 by the alternative energy system as part of an integrated
23 program for low-income residential customers that promotes
24 alternative energy sources. Notwithstanding any provision of law
25 to the contrary, an electric distribution company shall be
26 permitted to recover a pretax return on, and a return of, the
27 depreciated original cost of an alternative energy system and
28 the reasonable prudent expenses incurred to operate and maintain
29 an alternative energy system that it owns as a cost of universal
30 service, provided that the alternative energy system is used for

1 the purpose provided under this subsection and has been procured
2 by the electric distribution company through a commission-
3 approved competitive procurement process. The costs of an
4 alternative energy system included in establishing an electric
5 distribution company's distribution rates and the costs of
6 alternative energy and alternative energy credits generated by
7 the alternative energy system shall not otherwise be recovered
8 from customers except to the extent authorized by the
9 commission.

10 Section 3. This act shall take effect in 60 days.