
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1314 Session of
2019

INTRODUCED BY BULLOCK, FRANKEL, DONATUCCI, BURGOS, SCHLOSSBERG,
SOLOMON, MURT, KINSEY, HOHENSTEIN, LEE, SHUSTERMAN, FREEMAN,
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MADDEN, HOWARD, OTTEN, CIRESI, McCLINTON AND HARRIS,
APRIL 25, 2019

REFERRED TO COMMITTEE ON CONSUMER AFFAIRS, APRIL 25, 2019

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:

1 * * *

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

15 * * *

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

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

11 (ii) For purposes of providing service under this
12 paragraph to customers with a peak demand of 20 megawatts
13 or greater at one meter at a location within that
14 distribution company's service territory, an electric
15 distribution company that has completed its restructuring
16 transition period as of the effective date of this
17 paragraph may, in its sole discretion, acquire an
18 interest in a generation facility or construct a
19 generation facility specifically to meet the energy
20 requirements of the customers, including the electric
21 requirements of the customers' other billing locations
22 within its service territory. The electric distribution
23 company must commence construction of the generation
24 facility or contract to acquire the generation interest
25 within three years after the effective date of this
26 paragraph, except that the electric distribution company
27 may add to the generation facilities it commenced
28 construction or contracted to acquire after this three-
29 year period to serve additional load of customers for
30 whom it commenced construction or contracted to acquire

1 generation within three years. Nothing in this paragraph
2 requires or authorizes the commission to require an
3 electric distribution company to commence construction or
4 acquire an interest in a generation facility. The
5 electric distribution company's interest in the
6 generation facility it built or contracted to acquire
7 shall be no larger than necessary to meet peak demand of
8 customers served under this subparagraph. During times
9 when the customer's demand is less than the electric
10 distribution company's generation interest, the electric
11 distribution company may sell excess power on the
12 wholesale market. At no time shall the costs associated
13 with the generating facility interests be included in
14 rate base or otherwise reflected in rates. The generation
15 facility interests shall not be commission-regulated
16 assets.

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

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

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

1 the alternative energy credit products except to the extent
2 authorized by the commission.

3 * * *

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

6 § 2814. Additional alternative energy sources.

7 * * *

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

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

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

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