
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2778 Session of
2020

INTRODUCED BY QUINN, SCHLOSSBERG, SOLOMON, HILL-EVANS, MILLARD,
SCHWEYER, ROZZI, NEILSON, THOMAS AND CIRESI, AUGUST 13, 2020

REFERRED TO COMMITTEE ON ENVIRONMENTAL RESOURCES AND ENERGY,
AUGUST 13, 2020

AN ACT

1 Amending the act of November 30, 2004 (P.L.1672, No.213),
2 entitled, "An act providing for the sale of electric energy
3 generated from renewable and environmentally beneficial
4 sources, for the acquisition of electric energy generated
5 from renewable and environmentally beneficial sources by
6 electric distribution and supply companies and for the powers
7 and duties of the Pennsylvania Public Utility Commission,"
8 further providing for definitions and for alternative energy
9 portfolio standards, providing for solar photovoltaic
10 technology requirements, for contract requirements for solar
11 photovoltaic energy system sources, for renewable energy
12 storage report, for energy storage deployment targets and for
13 contracts for solar photovoltaic technologies by Commonwealth
14 agencies and further providing for portfolio requirements in
15 other states; and making a related repeal.

16 The General Assembly of the Commonwealth of Pennsylvania
17 hereby enacts as follows:

18 Section 1. The definition of "reporting period" in section 2
19 of the act of November 30, 2004 (P.L.1672, No.213), known as the
20 Alternative Energy Portfolio Standards Act, is amended and the
21 section is amended by adding definitions to read:

22 Section 2. Definitions.

23 The following words and phrases when used in this act shall
24 have the meanings given to them in this section unless the

1 context clearly indicates otherwise:

2 * * *

3 "Deploy" or "deployment." To install a renewable energy
4 storage system through a variety of mechanisms, including
5 utility procurement, customer installation methods or other
6 processes.

7 * * *

8 "Renewable energy storage system." A commercially available
9 technology, including, but not limited to, any electrochemical,
10 thermal and electromechanical technology, that is capable of
11 absorbing and storing electrical energy for a period of time for
12 use at a later time, with all of the following characteristics:

13 (1) The system is co-located behind the meter with a
14 Tier I alternative energy source or behind the point of
15 interconnection of a Tier I alternative energy source.

16 (2) The system is owned or operated by any of the
17 following:

18 (i) A customer-generator.

19 (ii) An electric generation supplier.

20 (iii) An electric distribution company.

21 (iv) A third party that is jointly owned by two or
22 more entities specified under subparagraphs (i), (ii) and
23 (iii).

24 (3) The system is able to demonstrate that the energy
25 the system discharges at all hours in a given reporting year
26 comes from the storage of electrical energy produced by the
27 co-located Tier I alternative energy source.

28 ["Reporting period."] "Reporting period." or "reporting
29 year." The 12-month period from June 1 through May 31. A
30 reporting year shall be numbered according to the calendar year

1 in which it begins and ends.

2 * * *

3 Section 2. Section 3(a)(3), (b), (f) and (g)(2) of the act
4 are amended and the section is amended by adding a subsection to
5 read:

6 Section 3. Alternative energy portfolio standards.

7 (a) General compliance and cost recovery.--

8 * * *

9 (3) All costs for:

10 (i) the purchase of electricity generated from
11 alternative energy sources, including the costs of the
12 regional transmission organization, in excess of the
13 regional transmission organization real-time locational
14 marginal pricing, or its successor, at the delivery point
15 of the alternative energy source for the electrical
16 production of the alternative energy sources; and

17 (ii) payments for alternative energy credits, in
18 both cases that are voluntarily acquired by an electric
19 distribution company during the cost recovery period on
20 behalf of its customers shall be deferred as a regulatory
21 asset by the electric distribution company and fully
22 recovered, with a return on the unamortized balance,
23 pursuant to an automatic energy adjustment clause under
24 66 Pa.C.S. § 1307 (relating to sliding scale of rates;
25 adjustments) as a cost of generation supply under 66
26 Pa.C.S. § 2807 (relating to duties of electric
27 distribution companies) in the first year after the
28 expiration of its cost-recovery period. After the cost-
29 recovery period, any direct or indirect costs for the
30 purchase by electric distribution companies of resources

1 to comply with this section, including, but not limited
2 to, the purchase of electricity generated from
3 alternative energy sources, payments for alternative
4 energy credits, cost of credits banked, payments to any
5 third party administrators for performance under this act
6 and costs levied by a regional transmission organization
7 to ensure that alternative energy sources are reliable,
8 shall be recovered on a full and current basis pursuant
9 to an automatic energy adjustment clause under 66 Pa.C.S.
10 § 1307 as a cost of generation supply under 66 Pa.C.S. §
11 2807.

12 (b) Tier I and solar photovoltaic shares through the 15th
13 reporting year.--

14 (1) Two years after the effective date of this act, at
15 least 1.5% of the electric energy sold by an electric
16 distribution company or electric generation supplier to
17 retail electric customers in this Commonwealth shall be
18 generated from Tier I alternative energy sources. Except as
19 provided in this section, the minimum percentage of electric
20 energy required to be sold to retail electric customers from
21 alternative energy sources shall increase to 2% three years
22 after the effective date of this act. The minimum percentage
23 of electric energy required to be sold to retail electric
24 customers from alternative energy sources shall increase by
25 at least 0.5% each year so that at least 8% of the electric
26 energy sold by an electric distribution company or electric
27 generation supplier to retail electric customers in that
28 certificated territory in the 15th reporting year after the
29 effective date of this subsection is sold from Tier I
30 alternative energy resources.

1 (2) [The] Through the 15th reporting year ending May 31,
2 2021, the total percentage of the electric energy sold by an
3 electric distribution company or electric generation supplier
4 to retail electric customers in this Commonwealth that must
5 be sold from solar photovoltaic technologies is:

6 (i) 0.0013% for June 1, 2006, through May 31, 2007.

7 (ii) 0.0030% for June 1, 2007, through May 31, 2008.

8 (iii) 0.0063% for June 1, 2008, through May 31,
9 2009.

10 (iv) 0.0120% for June 1, 2009, through May 31, 2010.

11 (v) 0.0203% for June 1, 2010, through May 31, 2011.

12 (vi) 0.0325% for June 1, 2011, through May 31, 2012.

13 (vii) 0.0510% for June 1, 2012, through May 31,
14 2013.

15 (viii) 0.0840% for June 1, 2013, through May 31,
16 2014.

17 (ix) 0.1440% for June 1, 2014, through May 31, 2015.

18 (x) 0.2500% for June 1, 2015, through May 31, 2016.

19 (xi) 0.2933% for June 1, 2016, through May 31, 2017.

20 (xii) 0.3400% for June 1, 2017, through May 31,
21 2018.

22 (xiii) 0.3900% for June 1, 2018, through May 31,
23 2019.

24 (xiv) 0.4433% for June 1, 2019, through May 31,
25 2020.

26 (xv) 0.5000% for June 1, 2020, [and thereafter.]
27 through May 31, 2021.

28 (3) Upon commencement of the beginning of the 6th
29 reporting year, the commission shall undertake a review of
30 the compliance by electric distribution companies and

1 electric generation suppliers with the requirements of this
2 act. The review shall also include the status of alternative
3 energy technologies within this Commonwealth and the capacity
4 to add additional alternative energy resources. [The
5 commission shall use the results of this review to recommend
6 to the General Assembly additional compliance goals beyond
7 year 15.] The commission shall work with the department in
8 evaluating the future alternative energy resource potential.

9 (b.1) Tier I and solar photovoltaic shares beginning in the
10 16th reporting year.--

11 (1) Each electric distribution company and electric
12 generation supplier shall purchase, at a minimum, an amount
13 of Tier I alternative energy credits equal to the percentage
14 of electric energy required to be sold by an electric
15 distribution company or electric generation supplier to
16 retail electric customers from Tier I alternative energy
17 sources for that reporting year and as provided under this
18 subsection. Beginning in the 16th reporting year commencing
19 on June 1, 2021, the minimum percentage of electric energy
20 required to be sold by an electric distribution company or
21 electric generation supplier to retail electric customers in
22 this Commonwealth from Tier I alternative energy sources for
23 each reporting year is:

24 (i) 10.444% for June 1, 2021, through May 31, 2022.

25 (ii) 12.888% for June 1, 2022, through May 31, 2023.

26 (iii) 15.332% for June 1, 2023, through May 31,
27 2024.

28 (iv) 17.776% for June 1, 2024, through May 31, 2025.

29 (v) 20.220% for June 1, 2025, through May 31, 2026.

30 (vi) 22.664% for June 1, 2026, through May 31, 2027.

1 (vii) 25.108% for June 1, 2027, through May 31,
2 2028.

3 (viii) 27.552% for June 1, 2028, through May 31,
4 2029.

5 (ix) 30% for June 1, 2029, through May 31, 2030, and
6 thereafter.

7 (2) (i) Beginning in the 16th reporting year commencing
8 on June 1, 2021, the minimum of the electric energy sold
9 by an electric distribution company or electric
10 generation supplier to retail electric customers in this
11 Commonwealth that must be sold from solar photovoltaic
12 technologies that are owned and operated by customer-
13 generators is:

14 (A) 0.65% for June 1, 2021, through May 31,
15 2022.

16 (B) 0.82% for June 1, 2022, through May 31,
17 2023.

18 (C) 0.98% for June 1, 2023, through May 31,
19 2024.

20 (D) 1.13% for June 1, 2024, through May 31,
21 2025.

22 (E) 1.30% for June 1, 2025, through May 31,
23 2026.

24 (F) 1.5% for June 1, 2026, through May 31, 2027.

25 (G) 1.78% for June 1, 2027, through May 31,
26 2028.

27 (H) 2.11% for June 1, 2028, through May 31,
28 2029.

29 (I) 2.5% for June 1, 2029, through May 31, 2030,
30 and thereafter.

1 (ii) For purposes of the requirements under
2 subparagraph (i), solar photovoltaic technologies that
3 are owned and operated by customer-generators shall
4 include any of the following:

5 (A) Solar photovoltaic technologies that were
6 certified before or on May 31, 2021, under subsection
7 (b)(2) and qualify to generate solar alternative
8 energy credits in accordance with section 3.1.

9 (B) Solar photovoltaic technologies that qualify
10 as customer-generators certified under subsection (b)
11 (2).

12 (3) Beginning in the 16th reporting year commencing on
13 June 1, 2021, and each reporting year thereafter, a solar
14 photovoltaic system that is certified before or on May 31,
15 2021, provided the system meets the requirements under
16 section 3.1, shall be included in the percentage of the
17 required solar photovoltaic energy systems owned and operated
18 by customer-generators under paragraph (2).

19 (4) A solar photovoltaic energy system owned and
20 operated by a customer-generator in accordance with paragraph
21 (2) shall remain eligible to receive solar alternative energy
22 credits for no more than 15 years beginning on June 1, 2021,
23 or 15 years beginning on the date of the solar photovoltaic
24 energy system's certification if the certification occurs
25 after June 1, 2021. Upon expiration of the 15-year period
26 specified under this paragraph, the solar photovoltaic energy
27 system shall be eligible for alternative energy credits
28 provided for Tier I alternative energy sources under
29 paragraph (1).

30 (5) Beginning in the 16th reporting year commencing on

1 June 1, 2021, the minimum percentage of the electric energy
2 sold by an electric distribution company or electric
3 generation supplier to retail electric customers in this
4 Commonwealth that must be sold from solar photovoltaic
5 technologies from non-customer-generators is:

6 (i) 0.94% for June 1, 2021, through May 31, 2022.

7 (ii) 1.88% for June 1, 2022, through May 31, 2023.

8 (iii) 2.81% for June 1, 2023, through May 31, 2024.

9 (iv) 3.75% for June 1, 2024, through May 31, 2025.

10 (v) 4.50% for June 1, 2025, through May 31, 2026.

11 (vi) 5.25% for June 1, 2026, through May 31, 2027.

12 (vii) 6.00% for June 1, 2027, through May 31, 2028.

13 (viii) 6.75% for June 1, 2028, through May 31, 2029.

14 (ix) 7.5% for June 1, 2029, through May 31, 2030,

15 and thereafter.

16 (6) No later than one year after the effective date of
17 this subsection, the commission shall establish regulations
18 to ensure diversification across all customer-generators
19 under paragraph (2), including, but not limited to, solar
20 photovoltaic systems that are interconnected at residential
21 or commercial locations or customer-generators whose systems
22 are for virtual meter aggregation.

23 (7) This subsection shall not apply to the certification
24 of a solar photovoltaic energy system with a contract for the
25 sale and purchase of alternative energy credits derived from
26 solar photovoltaic energy sources entered into before or on
27 May 31, 2021, provided that the system meets the requirements
28 under section 3.1.

29 (8) This subsection shall apply to a contract for the
30 sale and purchase of alternative energy credits derived from

1 solar photovoltaic energy sources entered into or renewed for
2 reporting years commencing after May 31, 2021.

3 * * *

4 (f) Alternative compliance payment.--

5 (1) At the end of each program reporting year, the
6 program administrator shall provide a report to the
7 commission and to each covered electric distribution company
8 showing their status level of alternative energy acquisition.

9 (2) The commission shall conduct a review of each
10 determination made under subsections (b), (b.1) and (c). If,
11 after notice and hearing, the commission determines that an
12 electric distribution company or electric generation supplier
13 has failed to comply with subsections (b), (b.1) and (c), the
14 commission shall impose an alternative compliance payment on
15 that electric distribution company or electric generation
16 supplier.

17 (3) [The] Through May 31, 2021, the alternative
18 compliance payment, with the exception of the solar
19 photovoltaic share compliance requirement set forth in
20 subsection (b) (2), shall be \$45 times the number of
21 additional alternative energy credits needed in order to
22 comply with subsection (b) or (c).

23 (4) [The] Through May 31, 2021, the alternative
24 compliance payment for the solar photovoltaic share required
25 under subsection (b) (2) shall be 200% of the average market
26 value of solar renewable energy credits sold during the
27 reporting period within the service region of the regional
28 transmission organization, including, where applicable, the
29 levelized up-front rebates received by sellers of solar
30 [renewable] alternative energy credits in other jurisdictions

1 in the PJM Interconnection, L.L.C. transmission organization
2 (PJM) or its successor.

3 (4.1) Beginning June 1, 2021, the alternative compliance
4 payment shall be \$45 multiplied by the number of additional
5 alternative energy credits required to comply with
6 subsections (b), (b.1)(5) and (c).

7 (4.2) Beginning June 1, 2021, the alternative compliance
8 payment for solar photovoltaic energy systems that are owned
9 or operated by customer generators or systems as specified
10 under subsection (b.1)(2) shall be as follows:

11 (i) An amount equal to the product of \$125
12 multiplied by the number of additional alternative energy
13 credits required to comply with subsection (b.1)(2) from
14 June 1, 2021, through May 31, 2026.

15 (ii) An amount equal to the product of \$100
16 multiplied by the number of additional alternative energy
17 credits required to comply with subsection (b.1)(2) from
18 June 1, 2026, through May 31, 2030.

19 (iii) Beginning with the reporting year commencing
20 on June 1, 2030, and each reporting year thereafter, the
21 alternative compliance payment required for solar
22 photovoltaic energy systems under subsection (b.1)(2)
23 shall decrease by \$5 from the previous reporting year
24 until the alternative compliance payment is
25 \$45.

26 (5) The commission shall establish a process to provide
27 for, at least annually, a review of the alternative energy
28 market within this Commonwealth and the service territories
29 of the regional transmission organizations that manage the
30 transmission system in any part of this Commonwealth. The

1 commission will use the results of this study to identify any
2 needed changes to the cost associated with the alternative
3 compliance payment program. If the commission finds that the
4 costs associated with the alternative compliance payment
5 program must be changed, the commission shall present these
6 findings to the General Assembly for legislative enactment.

7 (g) Transfer [to sustainable development funds] of
8 alternative compliance payments.--

9 * * *

10 (2) The alternative compliance payments shall be
11 utilized solely for [projects] any of the following:

12 (i) Projects that will increase the amount of
13 electric energy generated from alternative energy
14 resources for purposes of compliance with subsections
15 (b), (b.1) and (c).

16 (ii) Workforce development programs to train workers
17 in renewable energy industries.

18 * * *

19 Section 3. The act is amended by adding sections to read:

20 Section 3.1. Solar photovoltaic technology requirements.

21 (a) System requirements.--Notwithstanding section 4, in
22 order to qualify as an alternative energy source eligible to
23 meet the solar photovoltaic share of the compliance requirements
24 under section 3, a solar photovoltaic system must do one of the
25 following:

26 (1) Directly deliver the electricity that the solar
27 photovoltaic share generates to a retail customer of an
28 electric distribution company or to the distribution system
29 operated by an electric distribution company operating in
30 this Commonwealth and currently obligated to meet the

1 compliance requirements specified under section 3.

2 (2) Directly connect to the electric system of an
3 electric cooperative or municipal electric system operating
4 in this Commonwealth.

5 (3) Directly connect to the electric transmission system
6 at a location within the service territory of an electric
7 distribution company operating in this Commonwealth.

8 (b) Construction.--

9 (1) Nothing under this section or section 4 shall be
10 construed to affect any of the following:

11 (i) A certification originating in this Commonwealth
12 and granted before the effective date of this section of
13 a solar photovoltaic energy generator as a qualifying
14 alternative energy source eligible to meet the solar
15 photovoltaic share of this Commonwealth's alternative
16 energy portfolio compliance requirements under section 3.

17 (ii) A certification of a solar photovoltaic system
18 with a binding written contract for the sale and purchase
19 of alternative energy credits derived from solar
20 photovoltaic energy sources entered into before October
21 30, 2017.

22 (2) This subsection shall apply to contracts entered
23 into or renewed on or after October 30, 2017.

24 Section 3.2. Contract requirements for solar photovoltaic
25 energy system sources.

26 (a) Low-cost procurement for non-customer-generators.--

27 (1) To assure the lowest-cost procurement, two-thirds of
28 the annual total percentage requirement from solar
29 photovoltaic sources as specified under section 3(b.1)(5)
30 shall be procured through contracts of no less than 10 years

1 and no more than 20 years for both energy and alternative
2 energy credits required under this subsection.

3 (2) An electric distribution company with more than one
4 million annual megawatt hours of retail load shall:

5 (i) procure energy and alternative energy credits
6 based on the total electric energy sold to all customers
7 in the electric distribution company's service territory,
8 without regard to whether the supplier of the retail
9 sales is the electric distribution company or an electric
10 generation supplier;

11 (ii) issue annual requests for proposals for
12 competitive long-term procurement of solar energy and
13 alternative energy credits and enter into contracts in
14 compliance with this subsection in accordance with
15 regulations established by the commission; and

16 (iii) be entitled to a presumption of prudence and
17 full cost recovery in distribution rates of payments for
18 competitive procurements made under this subsection at a
19 levelized price over the term of the contract of less
20 than one-half of the applicable alternative compliance
21 payment.

22 (3) For purposes of any true-up required under this
23 subsection, the following apply:

24 (i) If contracts executed to meet the requirements
25 of this section fail to deliver the quantities required
26 in any given year, the electric distribution company
27 shall procure alternative energy credits during the true-
28 up period established under section 3(e)(5).

29 (ii) Electric generation suppliers in the territory
30 of the electric distribution company shall not have an

1 obligation to purchase alternative energy credits for the
2 share of the requirements under this section and shall
3 not be responsible for true-up or the payment of any
4 penalty for failure to comply with this section.

5 (4) No later than December 1, 2020, the commission shall
6 establish regulations to implement the requirements under
7 this subsection and provide for the issuance and execution of
8 the first competitive procurement contracts for the supply of
9 alternative energy credits beginning with the reporting year
10 commencing on June 1, 2021. The regulations shall address,
11 but not be limited to, all of the following:

12 (i) Competitive contract procurement.

13 (ii) Alternative energy credit retirement.

14 (iii) Guidance on the prudence of proposed
15 purchases, including a presumption of prudence if the
16 annualized cost of alternative energy credits is less
17 than one-half of the applicable alternative compliance
18 payment.

19 (iv) Competitiveness review using standard industry
20 practices to ensure that each solicitation is competitive
21 and providing for the prompt re-issuance of a
22 solicitation deemed to be uncompetitive.

23 (v) Cost recovery for electric distribution
24 companies for prudent and competitive contracts.

25 (vi) Alternative energy credit true-up of
26 procurement shortfalls in subsequent year contract
27 procurements.

28 (b) Low-cost procurement for nonsolar Tier I resources.--

29 (1) No later than December 1, 2020, the commission shall
30 establish regulations providing for competitive procurement

1 of at least one-sixth of the nonsolar Tier I alternative
2 energy required under section 3(b.1)(1) under contracts with
3 a term of no less than 10 years and no more than 15 years
4 beginning with the reporting year commencing on June 1, 2021.
5 The competitive procurements under this subsection shall
6 result in contracts for both energy and alternative energy
7 credits for nonsolar Tier I alternative energy resources for
8 the purpose of satisfying the requirements under section
9 (3)(b.1)(1). The requirements under this paragraph shall not
10 apply to the solar photovoltaic share requirements under
11 section 3(b.1)(2) or (5).

12 (2) In establishing regulations under paragraph (1), the
13 commission shall collaborate with stakeholders, including,
14 but not limited to, the department, energy generation
15 suppliers, renewable energy developers and electric
16 distribution companies, and determine the benefit to electric
17 customers in this Commonwealth based on the following
18 factors:

19 (i) The savings to electric customers resulting from
20 the procurement of alternative energy credits under this
21 section.

22 (ii) The preference for new generation resources
23 with reduced emissions as determined by the department.

24 (iii) The parties to the contracts.

25 (iv) The design of the competitive procurement
26 process.

27 (v) The terms to be included in the contracts based
28 on commercial reasonableness for the parties to the
29 contracts.

30 (c) Definitions.--As used in this section, the term

1 "procure" or "procurement" shall mean to acquire by ownership a
2 renewable energy storage system or a contractual right to use
3 the energy from, or the capacity of, a renewable energy storage
4 system.

5 Section 3.3. Renewable energy storage report.

6 (a) Report.--No later than one year after the effective date
7 of this section, the commission, in consultation with the PJM
8 Interconnection, L.L.C. transmission organization (PJM) or its
9 successor and stakeholders, including, but not limited to,
10 third-party electric generation suppliers and electric
11 utilities, shall conduct a renewable energy storage analysis and
12 submit a report to the Governor and General Assembly concerning
13 renewable energy storage needs and opportunities and costs and
14 benefits in this Commonwealth.

15 (b) Contract.--The commission shall contract with an
16 independent consultant selected through a competitive request
17 for proposal process to produce the report under this section.

18 (c) Report.--At a minimum, the commission shall compile the
19 report in the following manner:

20 (1) Use 2,000 megawatt hours of renewable energy storage
21 as a benchmark target goal.

22 (2) Identify and measure the potential costs and
23 benefits of deployment based on all of the following factors:

24 (i) Deferred investments in generation, transmission
25 and distribution facilities.

26 (ii) Reduced ancillary services costs.

27 (iii) Reduced transmission and distribution
28 congestion.

29 (iv) Reduced peak power costs and capacity costs.

30 (v) Reduced costs for emergency power supplies

1 during outages.

2 (vi) Curtailment of nonrenewable energy generators
3 to meet peak demand.

4 (vii) Reduced greenhouse gas emissions.

5 (3) Analyze and estimate all of the following:

6 (i) The ability to integrate renewable energy
7 resources with energy storage systems.

8 (ii) The benefits of coupling the storage to meet
9 peak demand.

10 (iii) The impact of renewable energy storage on grid
11 reliability and power quality.

12 (iv) The impact on retail electric rates over the
13 useful life of a renewable energy storage system compared
14 to the same services using other facilities or resources.

15 (4) Consider whether the implementation of renewable
16 electric energy storage systems would promote the use of
17 electric vehicles in this Commonwealth and the potential
18 impact on renewable energy production in this Commonwealth.

19 (5) Analyze the types of renewable energy storage
20 technologies currently being implemented in this Commonwealth
21 and other states.

22 (6) Consider the benefits and costs to retail electric
23 customers in this Commonwealth, political subdivisions and
24 electric public utilities associated with the development and
25 implementation of additional renewable energy storage
26 technologies.

27 (7) Determine the optimal amount of renewable energy
28 storage that should be added in this Commonwealth during the
29 next five years to provide the maximum benefit to retail
30 electric customers in this Commonwealth.

1 (8) Determine the optimum points of entry into the
2 electric distribution system for distributed energy
3 resources.

4 (9) Calculate the cost to retail electric customers in
5 this Commonwealth of adding the optimal amount of renewable
6 energy storage.

7 Section 3.4. Energy storage deployment targets.

8 (a) Determination.--No later than 90 days after completion
9 of the report under section 3.3, the commission shall determine
10 appropriate energy storage deployment targets that each electric
11 distribution company needs to achieve by December 31, 2025,
12 including any interim targets. In making the determination, the
13 commission shall consider all of the following:

14 (1) The contents of the report under section 3.3.

15 (2) Adopting specific subcategories of deployment by
16 point of interconnection.

17 (3) Adopting requirements or processes for all of the
18 following:

19 (i) The competitive deployment of energy storage
20 services from third parties.

21 (ii) The direct purchase of storage devices.

22 (4) Appropriate accountability mechanisms, including
23 reporting requirements, for investor-owned electric utilities
24 to procure energy storage in sufficient quantities to meet
25 the targets established by the commission.

26 (5) If advised by the report under section 3.3, creating
27 a renewable peak standard that would set targets for meeting
28 peak demand with renewable energy co-located with storage,
29 including all of the following:

30 (i) Demand response technology or energy storage

1 that is paired solely with a Tier I alternative energy
2 source that generates, dispatches or discharges energy to
3 an electric distribution system during seasonal peak
4 periods as determined by the commission or reduce load on
5 the system.

6 (ii) Renewable energy storage systems that can be
7 co-located with the Tier I alternative energy sources or
8 paired virtually, as long as the storage facility is
9 within the boundaries of the same electric distribution
10 company's service territory and specifically located to
11 reduce peak demand.

12 (b) Definitions.--As used in this section, the term
13 "procure" or "procurement" shall mean to acquire by ownership a
14 renewable energy storage system or a contractual right to use
15 the energy from, or the capacity of, a renewable energy storage
16 system.

17 Section 3.5. Contracts for solar photovoltaic technologies by
18 Commonwealth agencies.

19 (a) Public works.--Except as provided under subsection (b),
20 a Commonwealth agency shall require that a contract for the
21 construction, reconstruction, alteration, repair, improvement or
22 maintenance of public works contain a provision that, if any
23 solar photovoltaic technologies to be used or supplied in the
24 performance of the contract, only solar photovoltaic
25 technologies manufactured in the United States shall be used or
26 supplied in the performance of the contract or any subcontracts
27 under the contract.

28 (b) Exception.--The requirement under subsection (a) shall
29 not apply if the head of the Commonwealth agency, in writing,
30 determines that the solar photovoltaic technologies are not

1 manufactured in the United States in sufficient quantities to
2 meet the requirements of the contract.

3 (c) Definitions.--As used in this section, the term "public
4 work" shall have the same meaning given to it in section 2(5) of
5 the act of August 15, 1961 (P.L.987, No.442), known as the
6 Pennsylvania Prevailing Wage Act.

7 Section 4. Section 4 of the act is amended to read:

8 Section 4. Portfolio requirements in other states.

9 If an electric distribution [supplier] company or electric
10 generation [company] supplier provider sells electricity in any
11 other state and is subject to [renewable] alternative energy
12 portfolio requirements in that state, they shall list any such
13 requirement and shall indicate how it satisfied those
14 [renewable] alternative energy portfolio requirements. To
15 prevent double-counting, the electric distribution [supplier]
16 company or electric generation [company] supplier shall not
17 satisfy Pennsylvania's alternative energy portfolio requirements
18 using alternative energy used to satisfy another state's
19 portfolio requirements or alternative energy credits already
20 purchased by individuals, businesses or government bodies that
21 do not have a compliance obligation under this act unless the
22 individual, business or government body sells those credits to
23 the electric distribution company or electric generation
24 supplier. Energy derived from alternative energy sources inside
25 the geographical boundaries of this Commonwealth shall be
26 eligible to meet the compliance requirements under this act.
27 Energy derived from alternative energy sources located outside
28 the geographical boundaries of this Commonwealth but within the
29 service territory of a regional transmission organization that
30 manages the transmission system in any part of this Commonwealth

1 shall only be eligible to meet the compliance requirements of
2 electric distribution companies or electric generation suppliers
3 located within the service territory of the same regional
4 transmission organization. For purposes of compliance with this
5 act, alternative energy sources located in the PJM
6 Interconnection, L.L.C. regional transmission organization (PJM)
7 or its successor service territory shall be eligible to fulfill
8 compliance obligations of all Pennsylvania electric distribution
9 companies and electric generation suppliers. Energy derived from
10 alternative energy sources located outside the service territory
11 of a regional transmission organization that manages the
12 transmission system in any part of this Commonwealth shall not
13 be eligible to meet the compliance requirements of this act.
14 Electric distribution companies and electric generation
15 suppliers shall document that this energy was not used to
16 satisfy another state's [renewable] alternative energy portfolio
17 standards.

18 Section 5. Repeals are as follows:

19 (1) The General Assembly declares that the repeal under
20 paragraph (2) is necessary to effectuate the addition of
21 section 3.1 of the act.

22 (2) Section 2804 of the act of April 9, 1929 (P.L.177,
23 No.175), known as The Administrative Code of 1929, is
24 repealed.

25 Section 6. This act shall take effect immediately.