



**Edison Electric
INSTITUTE**

Power by Association™

March 12, 2020

Honorable Brad Roae
Chairman of the House Consumer Affairs Committee
Pennsylvania House of Representatives
151 East Wing
PO Box 202006
Harrisburg, Pennsylvania 17120-2006

Honorable Robert F. Matzie
Democratic Chairman of the House Consumer Affairs Committee
Pennsylvania House of Representatives
121 Irvis Office Building
PO Box 202016
Harrisburg, Pennsylvania 17120-2016

RE: House Bill 1970, House Bill 531, and Solar Energy Issues in General

Dear Chairmen Roae and Matzie:

The Edison Electric Institute (“EEI”) respectfully submits these comments to the Pennsylvania House Consumer Affairs Committee (“Committee”) in consideration of the above-referenced legislation, HB 1970 and HB 531. EEI appreciates the opportunity to comment on these bills, as the Committee evaluates dueling proposals intended to expand equitable access to solar generation and stimulate the local economy. In addition, EEI will share its thoughts on solar energy issues in general, as the Committee entertains proposals that seek to expand net metering in the Commonwealth.

EEI is the association that represents all U.S. investor-owned electric companies. Our members provide electricity for more than 220 million Americans and operate in all 50 states as well as the District of Columbia. Collectively, the electric power industry supports more than 7 million jobs in communities across the United States. Our members in all parts of the country provide Americans with reliable, affordable, and sustainable

electricity, and are committed to giving all customers the electricity services they desire at rates that are reasonable and equitable.

The time is right for Pennsylvania to begin a conversation reviewing its net metering policy, not only in light of the proposed legislation before you here today, but also with the impending increase of local solar production as a result of Act 40 of 2017, which closed the state's borders for the solar PV share requirement of the Alternative Energy Portfolio Standards ("AEPS") Act, 73 P.S. §§ 1648.1 *et seq.*

HB 1970 identifies several benefits of local solar generation, which include: creating local jobs, reducing local carbon emissions, and expanding choice to all customers who may wish to procure their power from renewable solar generation, specifically customers who do not have, do not want, or in some cases cannot afford to install private solar generation. HB 1970 also includes provisions that would enable low-income customers to benefit from a local solar program by giving those customers the ability to choose solar without losing their eligibility for an electric distribution company's ("EDC") customer assistance program.

The EDC subscription-style approach proposed in HB 1970 has additional benefits to the electric distribution system as well. Pennsylvania's EDCs are uniquely positioned to identify the areas within their service territories for optimal solar generation deployment. EDCs have both the technical and customer data necessary to identify the areas of the electric distribution system to which the interconnection of distributed generation would provide congestion relief. This enables EDCs to make prudent investments in solar projects and maximizes the benefits of the programs proposed in HB 1970, which would inure to all customers.

HB 1970 also increases customers' access to solar without the upfront costs and risks of deploying their own private solar systems. A subscription-style program as designed in HB 1970 also eliminates the regressive cost-shifting nature of full-retail net metering, through which non-customer generators unfairly subsidize the inflated rate paid to

customer-generators for the electricity they produce. This is achieved by identifying these facilities as ineligible for net metering, and by allocating program costs only to program participants, rather than to all EDC customers.

Conversely, HB 531 seeks to expand the definition of “customer-generator” by including subscribers of community solar facilities, thereby making them eligible for net metering, which, unless changed, requires the payment of full-retail value for excess generation. In addition, HB 531 proposes numerous obligations for EDCs, including:

- The purchase of all unsubscribed energy from a community solar facility at an EDC’s avoided cost (without regard to whether the EDC needs this energy);
- The creation of monthly reports for community solar organizations and subscriber administrators;
- Possible billing additions and collection efforts to obtain subscriber’s subscription fees; and,
- The cost and obligation to make a system map available that would indicate where, in the service territory, the distribution system could accommodate new private solar generation.

Collectively, these obligations and proposed changes would amount to a windfall for private solar developers, while creating costs, at an unknown level, for millions of EDC customers who would be forced to subsidize these mandates.

EEI supports the equitable and cost-effective growth of solar as part of a diverse energy supply. It is worth briefly noting, however, how traditional net metering creates inequities and inefficiencies. In today’s world, there are ample opportunities for customers to generate some portion of their own electricity. Net metering, as it exists in the Commonwealth, allows customer-generators to be compensated for self-generated electricity under a full-retail credit rate structure, thereby overcompensating them and also undercollecting the fixed costs of maintaining and operating the energy grid that these customers rely upon 24-hours a day, every day of the year. The costs of this subsidy must be recovered and are, therefore, shifted from customer-generators to those EDC customers without private solar.

Considering the realities of retail net metering, combined with the fact that net metering applications continue to increase as Act 40 of 2017 has taken effect, thus making cross-subsidization more impactful than ever, it is important to acknowledge that private solar generators create unique requirements (both fixed and demand-related) that must be accounted for in rates and compensation. Private solar generators are not only distinct from traditional customers in demanding two-way power flows, but these customers also present operational challenges in that the return of their generated electricity to the grid is intermittent and unpredictable. As a result, it is imperative that electricity companies be allowed to recover the true costs of serving these customers, and that EDCs not be made to compensate private solar generators for more than what they contribute to the system.

Thank you for the opportunity to provide public comment on the issues. EEI is available going forward to work with the House Consumer Affairs Committee as it builds on experience and refines its net metering policy for the Commonwealth. As we have done in other states, we would be happy to offer a national perspective on the evolution of net metering and associated rate design, as discussions on this subject continue. We look forward to working with the Committee and interested stakeholders as you set a pathway for access to solar that benefits all of Pennsylvania's citizens.

Respectfully submitted,



Shelby A. Linton-Keddie
Senior Director, State Energy & Regulatory Policy
Edison Electric Institute
701 Pennsylvania Ave, N.W.
Washington, DC 20004-2696
202-508-5143
slinton@eei.org