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**BEFORE THE PENNSYLVANIA  
HOUSE CONSUMER AFFAIRS COMMITTEE**

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Testimony of

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**Regarding House Bill 1970 and House Bill 531**

Good morning Chairman Roae, Chairman Matzie, and members of the House Consumer Affairs Committee. My name is Shelby A. Linton-Keddie, Sr. Director of State Energy and Regulatory Policy for the Edison Electric Institute (EEI), and I thank you for the invitation to speak before the Committee today as you consider two proposals, 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 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 represents 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 providing all customers the electricity they desire at rates that are reasonable and equitable.

The time is right for Pennsylvania to begin a conversation on reviewing its net metering policy, not only in light of the proposed legislation before this Committee, 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

located in their communities, specifically customers who do not have, do not want, or in some cases cannot afford to install private generation. HB 1970 also includes provisions that would enable low-income customers to benefit from a local solar program by allowing income qualified customers the ability to choose solar without losing their eligibility for an electric distribution company's (EDC) customer assistance program (CAP).

The EDC subscription-style approach proposed in HB 1970 increases customers' access to solar without the upfront costs and risks of deploying their own private systems. A subscription-style program as designed in HB 1970 also eliminates the regressive cost-shifting nature of full-retail net metering for PA Local Solar projects, which, unlike the projects contemplated in HB 531, non-customer generators would unfairly subsidize the inflated rate paid to developers for the electricity they produce. This is achieved by identifying these facilities as ineligible for net metering, not affecting any other charges than generation on the bill (specifically transmission, distribution and customer charges), and by allocating program costs, including development and marketing, only to program participants, rather than socializing these costs among all EDC customers.

Conversely, HB 531, as proposed, 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. Doing so not only overvalues the energy from these systems, but also effectively negates any cost savings that are achieved from having larger installations.<sup>1</sup> In addition, HB 531 proposes numerous obligations for EDCs, including:

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<sup>1</sup> As reported by NREL, the median reported PV system prices for 2018-2019 vary by size – \$3.89/W for systems 2.5kW-10kW; \$3.33/W for systems 10kW-100kW; \$2.44/W for systems 100kW-500kW; \$1.96/W for systems 500kW-5MW. See NREL Q4 2019/Q1 2020 Solar Industry Update, available at: <https://www.nrel.gov/docs/fy20osti/77010.pdf> (Slide 40).

- 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 eliminate all risk from and amount to a windfall for private solar developers, while creating costs, at an unknown level, for millions of EDC customers, including non-participating customers, that would be forced to subsidize these mandates.

EEI supports the equitable and cost-effective growth of solar as part of a diverse energy supply. However, it is worth briefly noting 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 EDC customers who, for whatever reason, are without private solar.

The answer to this problem is not to expand net metering beyond customer-generators, as HB 531 proposes. Instead, 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 distribution companies be allowed to recover the true costs of serving these customers, and that EDCs not be made to compensate (and non-solar customers not be forced to pay) private solar generators for more than what they contribute to the system.

Thank you for the opportunity to provide public comments on these issues here today. EEI is available to work with the House Consumer Affairs Committee going forward as you build on your experience and refine the net metering policy in the Commonwealth. As we have done in other states, we would 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.

At this time, I'm happy to answer any questions that you may have.