

Pennsylvania



General Assembly Makeup

| Party | House | Senate |
|------------|-------|--------|
| Republican | 122 | 34 |
| Democrat | 81 | 16 |

Public Utility Commission

5 Members, Politically Appointed

Gladys M. Brown, Chairman (D) – term expires April 1, 2018

Andrew G. Place, Vice Chairman (D) – term expires April 1, 2020

John F. Coleman (R) – term expired April 1, 2017 (awaiting reappointment)

Robert F. Powelson (R) – term expires April 1, 2019 (recently nominated to FERC, going through confirmation process)

David W. Sweet (D) – term expires April 1, 2021

Pennsylvania Legislative and Regulatory Action

Energy Efficiency/Conservation

Draft legislation (Senator Lisa Boscola) – This bill is a reintroduction of a bill from last session that amends Act 129 to permit large industrial customers to opt-out of the energy efficiency requirements of the Act. The bill provides EDCs the option of adjusting energy efficiency and peak demand targets to reflect those customers that have opted out. Last session the bill passed the Senate but was not considered by the House before the legislative session ended. The electric industry is in the process of continuing to work with the industrial consumers advocacy group to come to an agreement to allow for an opt-out while minimizing the financial impact of the EDCs in exchange for getting changes to the current law, including changing the penalty structure and eliminating the target in the law that requires reductions in demand response.

Draft legislation (Representative Mike Reese) – These are reintroduced bills from last session that make various changes to the smart meter provisions under Act 129 such as requiring EDCs to obtain customer consent before providing metering data to a government agency, allowing customers to opt out of receiving a smart meter and removing the mandate for EDCs to install smart meter technology.

Ratemaking

Public Utility Commission (PUC) tentative order on alternative ratemaking – In March 2016 the PA PUC held an en banc hearing and received testimony from utilities, environmental advocates and consumer advocates on alternative ratemaking mechanisms such as demand rates, decoupling and performance based rates. Following up on last year's hearing, the PUC issued a tentative order in March 2017 soliciting comment from interested parties on different types of alternative ratemaking mechanisms.

Draft legislation (sponsor to be determined) – Legislation is in the process of being introduced to provide the PUC with clear authority to approve alternative ratemaking mechanisms such as decoupling and performance based rates.

Safety of Utility Workers/Protection of Services

House Bill 295 (Representative Dom Costa) – Amends Pennsylvania's aggravated assault statute under the Pennsylvania Crimes Code to add crossing guards, volunteer firefighters, special fire police, and public utility employees or an employee of an electric cooperative to the list of groups covered by the statute. House Bill 295 is currently in the House Judiciary Committee.

House Bill 267 (Representative Daryl Metcalfe) – Amends the PA Crimes Code to create the offense of theft of secondary metal. House Bill 267 defines secondary metal in the bill as wire, pipe or cable commonly used by communications, gas, water, wastewater and electrical utilities and railroads and mass transit or commuter rail agencies, copper, aluminum or other metal, or a combination of metals, that is valuable for recycling or reuse as raw material. The penalty would be based on the value of the metal stolen, which would be as low as a third degree misdemeanor for scrap valued at

\$50 or lower up to a third degree felony for scrap valued at \$1,000 or more. This bill passed the House and Senate and was signed by Governor Wolf on June 22, becoming Act 8 of 2017.

Senate Bill 652 (Senator Mike Regan) – Amends the PA Crimes Code to enhance criminal penalties for criminal trespass on critical infrastructure facilities, which include electric and gas distribution facilities. The bill would also provide protection to law enforcement and emergency personnel who may need to enter critical infrastructure facilities to capture trespassers or respond to an emergency. The bill is currently in the Senate Judiciary Committee.

Drones

House Bill 1346 (Representative Jeff Pyle) – Amends the PA Crimes Code to create the offense of unlawful use of unmanned aircraft. The intent of the bill is to combat the use of drones for the purpose of surveillance on private property. The bill provides for a number of exemptions, including a specific exemption for employees and agents of water, gas and electric utilities that utilize drones. The bill is now in the House Judiciary Committee.

Distributed Generation

House Bill 1412 (Representative Stephen Barrar) – Creates the Energy Resiliency and Emergency Preparedness Act to allow utilities to establish pilot projects for microgrids and energy storage. Electric distribution companies would be permitted to recover through rates the cost to construct a microgrid or energy storage facility as well as the reasonable and prudent costs incurred to maintain and operate those facilities. The bill is currently in the House Veterans Affairs and Emergency Preparedness Committee.

House Bill 1446 (Representative Marquerite Quinn) – Creates the Pennsylvania Clean Transportation Infrastructure Act to establish a state goal of expanding electric transportation usage, develop regional transportation plans, require electric utilities to submit infrastructure investment proposals, complete statewide electric and gas refueling networks and assess opportunities to increase the deployment of natural gas vehicles. The bill is currently in the House Transportation Committee.

House Bill 556 (Representative David Zimmerman) – In response to the PUC's regulations on net metering, bills have been introduced in the House and Senate that amend Title 66 (Public Utility Code) to prohibit size restrictions for systems that burn methane from the anaerobic digestion of organic materials from yard waste. This particular technology is used in the agricultural industry. The bill is currently in the House Consumer Affairs Committee.

Senate Bill 404 (Senator Mario Scavello) – Amends the Alternative Energy Portfolio Standards Act to “close the border” on SREC purchases in order to raise Pennsylvania’s SREC price. The bill would require all solar technology registered in Pennsylvania to deliver its output to Pennsylvania EDCs, essentially requiring Pennsylvania EDCs and EGSSs to use the generation from Pennsylvania facilities to meet their SREC obligations under the AEPS Act. The bill is currently in the Senate Environmental Resources and Energy Committee. A similar bill is in the process of being introduced in the House.

Senate Bill 291 (Senator Daylin Leach) – Amends Pennsylvania’s Alternative Energy Portfolio Standards Act to increase minimum solar alternative energy portfolio standards from 0.5% by 2020 to 1.5% by 2023. The bills would also increase the Tier 1 requirement from 8% by 2021 to 15% by 2023. The bills are currently in the House Environmental Resources and Energy Committee and Senate Environmental Resources and Energy Committee, respectively.

House Bill 934 (Representative Dan Moul) – Amends the Alternative Energy Portfolio Standards Act to add natural gas as a Tier II energy source. This bill is currently in the House Environmental Resources and Energy Committee.

Draft legislation (Senator Scott Wagner) – Amends the Alternative Energy Portfolio Standards Act to add municipal waste-to-energy as a Tier 1 energy source.

Natural Gas Main Extensions

Senate Bill 140 (Senator Gene Yaw) – Ostensibly this bill is designed to promote the extension of distribution mains outside of current service territories. It requires natural gas utilities to file a plan with the PUC demonstrating a three-year plan on how to extend distribution mains, but without any real incentives. The bill provides for criteria that must be contained in the plan, including a ten-year payback for customer contributions. The bill was introduced and resides in the Senate Environmental Resources and Energy Committee.

House Bill 107 (Representative Bob Godshall) – This bill would allow a natural gas distribution company to file a petition with the PUC proposing a surcharge to extend natural gas distribution service to unserved or underserved areas within its certificated service territory. The amount allowed to be recovered under this “Distribution System Extension Charge” would be 2.5% of gross revenue. The legislation is currently in the House Consumer Affairs Committee, where it had a public hearing in April. Industry has been supportive, the PUC is being cautious, and the advocates are calling for further safeguards.

One Call Enforcement (Related to Underground Utilities)

House Bill 284 (Representative Matt Baker) and Senate Bill 242 (Senator Lisa Baker) – The PUC has worked with the PA One Call Board on a proposal that will significantly alter one call enforcement in Pennsylvania. Enforcement authority for proper underground utility identification and related issues will be transferred from the Department of Labor and Industry to the PUC. Last session legislation was passed and signed into law to extend the sunset provision from December 2016 to December 2017 to allow more time to deliberate the enforcement issue this session. House Bill 284 is currently in the House Consumer Affairs Committee. Senate Bill 242 was reported from the Senate Consumer Protection and Professional Licensure Committee and is currently awaiting further consideration in the Senate.