

Pennsylvania Legislative and Regulatory Action

Energy Efficiency/Conservation

House Bill 129 (Representative Greg Vitali) – Amends Act 129 of 2008 to make various changes to the act which includes lifting the spending cap on energy efficiency programs, allowing electric distribution companies (EDCs) to recover lost revenue that results from energy efficiency programs and broaden the scope of the Act to include natural gas distribution companies. The bill is currently in the House Consumer Affairs Committee.

Senate Bill 805 (Senator Lisa Boscola) – 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 goals to reflect those customers that have opted out. The bill is currently in the Senate Consumer Protection and Professional Licensure Committee.

House Bills 393-396 (Representative Mike Reese) and Senate Bills 364-366 (Senator Don White) – These bills 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. These bills are currently in the House Consumer Affairs Committee and Senate Consumer Protection and Professional Licensure Committee, respectively.

PUC Regulations – On June 11, the PA Public Utility Commission (PUC) issued a final order on Phase III of Act 129 energy efficiency and conservation programs for EDCs. Phase III is a five-year program beginning June 1, 2016 and ending May 31, 2021. The order includes new energy efficiency and demand response goals, as well as set aside targets for low-income, government and non-profit customers.

Ratemaking

House Bill 1436 (Representative Bob Godshall) – Legislation will be introduced in the PA House of Representatives to eliminate the consolidated tax adjustment (CTA) when setting rates. The CTA policy in Pennsylvania was set by the state appellate courts, not established through legislation. A majority of states and the federal government have concluded that the proper way to calculate a utility's federal income tax expense in this situation is on a "standalone" basis, so that the utility's recoverable tax expense is based upon its operations, not those of an unregulated affiliate.

Safety of Utility Workers/Protection of Services

House Bill 120 (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 120 is currently in the House Judiciary Committee.

Senate Bill 765 (Senator Michele Brooks) – Amends Pennsylvania’s Vehicle Code to include utility line crews under the definition of “emergency responders” during declared disaster emergencies. Including utility line crews under this definition provides specific protections to crews working on or along roadways during an emergency. Senate Bill 765 was recently voted out the Senate Transportation Committee and awaits consideration by the full Senate.

Distributed Generation

PUC Regulations – In April the PUC issued final form regulations on net metering. The PUC’s regulations would impose a size limit on net metering projects. Under the regulations, customer-generators cannot produce more than 200 percent of their electricity consumption and must have an existing demand for energy where the generation is being installed.

House Bill 1349 (Representative David Zimmerman) and Senate Bill 844 (Senator Elder Vogel) – 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 agriculture industry. The bills are currently in the House Consumer Affairs Committee and Senate Consumer Protection and Professional Licensure Committee, respectively.

House Bill 100 (Representative Greg Vitali) and Senate Bill 743 (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 1354 (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.

Response to EPA’s Greenhouse Gas Regulations under 111(d)

In the fall of 2014, the PA General Assembly passed legislation requiring the PA Department of Environmental Protection (DEP) to submit a state implementation plan to the General Assembly for approval prior to submission to the EPA. Then Governor Tom Corbett signed the bill into law, making it Act 175 of 2014. The law includes a provision that if the General Assembly does not act on the plan before June 15, 2016, it shall be deemed approved and submitted to the EPA.

House Resolution 259 (Representative Brandon Neuman) – To comply with the mandate under Act 175, this resolution establishes a Joint Select Committee to do an investigation of the regulations and make a report to the House, Senate and the DEP, outlining the most appropriate manner in which to comply with the rule. The Joint Select Committee would convene hearings, take testimony, perform an investigation and make recommendations, through the issuance of a report to both houses of the General Assembly and DEP detailing how the state can comply with the rule based on a least-cost compliance approach. This committee would be bicameral and bipartisan in nature. This resolution is in the House Environmental Resources and Energy Committee.

Nuclear/Emergency Response

Senate Bill 35 (Senator Lisa Baker) – Amends Pennsylvania’s Title 35, the Emergency Management Services Code to incorporate two decades worth of improvements to the state, regional, county and municipal emergency response network, fueled by the events of September 11, 2001, Hurricanes Katrina and Irene, and major snowstorms that hit Pennsylvania over that last ten years. Senate Bill 35 updates state law to correspond with sweeping changes that were made at the federal level post-9/11 to provide a more efficient and effective framework for the state of Pennsylvania and local governments to prepare for and respond to disasters. Changes in this bill include increased coordination and emergency management preparation with nuclear power plants and hydroelectric plants that are located within Pennsylvania.

Natural Gas Main Extensions

Senate Bill 214 (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. A repeat of a bill that passed the Senate last session, this bill is currently in the Senate Appropriations Committee.

Note: Senator Stewart Greenleaf has announced plans to introduce a new bill that would direct the PUC to bid out designated areas throughout the Commonwealth for deployment of natural gas lines. The company that secures the bid would have a "monopoly" in that area and be required to build a natural gas line in that part so that homes, businesses and industries could connect to the line. The PUC would provide for regulation of prices, hookups and laying of pipe.

Gas Customer Choice

House Bill 57 (Representative John Payne) – HB 57 amends Section 1307 of the Public Utility Code with the intention of enhancing natural gas competition in the

Commonwealth. The bill eliminates a confusing and asymmetrical interest rate structure, incentivizes accurate rate projections to minimize over and under collections and makes it easier for customers to make an "apples to apples" comparison between the gas supply rates offered by a natural gas distribution company and competitive suppliers.

The bill also eliminates the "migration rider" charged to customers who switch to a competitive supplier, and instead permits a natural gas distribution company, upon approval from the PUC, to include a non-bypassable charge on all customer bills in the event that a large number of customers migrate to competitive suppliers all at once. This will ensure that the costs incurred by the natural gas distribution company to purchase gas supply to meet its projected supplier of last resort obligation is not borne by a small number of non-shopping customers.

Finally, HB 57 clarifies that a natural gas distribution company may recover all reasonable costs incurred to implement customer choice. This includes necessary operational and billing changes as well as customer education initiatives. This cost recovery is similar to that provided to electric distribution companies to implement the Electric Choice Act and Act 129 of 2008. A repeat from last session, this bill passed the full house again and now sits on the Senate Calendar awaiting a single vote that will send it to the Governor's desk.

One Call Enforcement (Related to Underground Utilities)

House Bill 445 (Representative Matt 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. The bill also extends the sunset provision of the law from December 2016 to December 2021. Though the bill passed the House last year and this bill is a duplicate, numerous issues have arisen, including some with the new administration. The bill is currently in the House Consumer Affairs Committee.