

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 491 Session of 2023

INTRODUCED BY YOUNG, McNEILL, MEHAFFIE, KINSEY, HOHENSTEIN, BURGOS, SIEGEL, MADDEN, KENYATTA, SANCHEZ, PARKER, DELLOSO, BRENNAN, SOLOMON, KHAN, T. DAVIS, GUENST, MARSHALL, GREEN, PIELLI, MALAGARI, KIM, FLEMING, McANDREW, WEBSTER, ISAACSON AND DONAHUE, MARCH 16, 2023

SENATOR STEFANO, CONSUMER PROTECTION AND PROFESSIONAL LICENSURE, IN SENATE, AS AMENDED, JUNE 25, 2024

AN ACT

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1 ~~Providing for energy efficiency and conservation plans with~~
2 ~~inclusion of mechanical insulation.~~

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3 AMENDING TITLE 66 (PUBLIC UTILITIES) OF THE PENNSYLVANIA
4 CONSOLIDATED STATUTES, IN RESTRUCTURING OF ELECTRIC UTILITY
5 INDUSTRY, FURTHER PROVIDING FOR ENERGY EFFICIENCY AND
6 CONSERVATION PROGRAM.

7 The General Assembly of the Commonwealth of Pennsylvania
8 hereby enacts as follows:

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9 ~~Section 1. Short title.~~

10 ~~This act shall be known and may be cited as the Mechanical~~
11 ~~Insulation Act.~~

12 ~~Section 2. Definitions.~~

13 ~~The following words and phrases when used in this act shall~~
14 ~~have the meanings given to them in this section unless the~~
15 ~~context clearly indicates otherwise:~~

16 ~~"Commission." The Pennsylvania Public Utility Commission.~~

17 ~~"Electric distribution company." As defined in 66 Pa.C.S. §~~

1 ~~2803 (relating to definitions).~~

2 ~~"Mechanical insulation." Insulation materials, facings and~~
3 ~~accessory products used for thermal requirements for mechanical~~
4 ~~pipng and equipment, hot and cold applications and heating,~~
5 ~~venting and air conditioning applications.~~

6 ~~"Total resource cost test." As defined in 66 Pa.C.S. §~~
7 ~~2806.1(m) (relating to energy efficiency and conservation~~
8 ~~program).~~

9 ~~Section 3. Energy efficiency and conservation plans with~~
10 ~~inclusion of mechanical insulation.~~

11 ~~The commission may not disapprove an energy efficiency and~~
12 ~~conservation plan filed by an electric distribution company~~
13 ~~under 66 Pa.C.S. § 2806.1(b) (relating to energy efficiency and~~
14 ~~conservation program) solely due to the inclusion of mechanical~~
15 ~~insulation which is not demonstrated to be cost effective using~~
16 ~~a total resource cost test approved by the commission.~~

17 ~~Section 4. Effective date.~~

18 ~~This act shall take effect in 60 days.~~

19 SECTION 1. SECTION 2806.1(E) (2) AND (M) OF TITLE 66 OF THE <--
20 PENNSYLVANIA CONSOLIDATED STATUTES ARE AMENDED TO READ:

21 § 2806.1. ENERGY EFFICIENCY AND CONSERVATION PROGRAM.

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23 (E) COMMISSION APPROVAL.--

24 * * *

25 (2) THE COMMISSION SHALL APPROVE OR DISAPPROVE A PLAN
26 FILED UNDER SUBSECTION (B) WITHIN 120 DAYS OF SUBMISSION. THE
27 FOLLOWING SHALL APPLY TO AN ORDER DISAPPROVING A PLAN:

28 (I) THE COMMISSION SHALL DESCRIBE IN DETAIL THE
29 REASONS FOR THE DISAPPROVAL.

30 (II) THE ELECTRIC DISTRIBUTION COMPANY SHALL HAVE 60

1 DAYS TO FILE A REVISED PLAN TO ADDRESS THE DEFICIENCIES
2 IDENTIFIED BY THE COMMISSION. THE REVISED PLAN SHALL BE
3 APPROVED OR DISAPPROVED BY THE COMMISSION WITHIN 60 DAYS.

4 (III) THE COMMISSION MAY NOT DISAPPROVE A PLAN
5 SOLELY DUE TO THE INCLUSION OF MECHANICAL INSULATION
6 WHICH IS DEMONSTRATED TO BE COST EFFECTIVE USING A TOTAL
7 RESOURCE COST TEST APPROVED BY THE COMMISSION.

8 * * *

9 (M) DEFINITIONS.--AS USED IN THIS SECTION, THE FOLLOWING
10 WORDS AND PHRASES SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS
11 SUBSECTION:

12 "CONSERVATION SERVICE PROVIDER." AN ENTITY THAT PROVIDES
13 INFORMATION AND TECHNICAL ASSISTANCE ON MEASURES TO ENABLE A
14 PERSON TO INCREASE ENERGY EFFICIENCY OR REDUCE ENERGY
15 CONSUMPTION AND THAT HAS NO DIRECT OR INDIRECT OWNERSHIP,
16 PARTNERSHIP OR OTHER AFFILIATED INTEREST WITH AN ELECTRIC
17 DISTRIBUTION COMPANY.

18 "ELECTRIC DISTRIBUTION COMPANY TOTAL ANNUAL REVENUE."
19 AMOUNTS PAID TO THE ELECTRIC DISTRIBUTION COMPANY FOR
20 GENERATION, TRANSMISSION, DISTRIBUTION AND SURCHARGES BY RETAIL
21 CUSTOMERS.

22 "ENERGY EFFICIENCY AND CONSERVATION MEASURES."

23 (1) TECHNOLOGIES, MANAGEMENT PRACTICES OR OTHER MEASURES
24 EMPLOYED BY RETAIL CUSTOMERS THAT REDUCE ELECTRICITY
25 CONSUMPTION OR DEMAND IF ALL OF THE FOLLOWING APPLY:

26 (I) THE TECHNOLOGY, PRACTICE OR OTHER MEASURE IS
27 INSTALLED ON OR AFTER THE EFFECTIVE DATE OF THIS SECTION
28 AT THE LOCATION OF A RETAIL CUSTOMER.

29 (II) THE TECHNOLOGY, PRACTICE OR OTHER MEASURE
30 REDUCES CONSUMPTION OF ENERGY OR PEAK LOAD BY THE RETAIL

1 CUSTOMER.

2 (III) THE COST OF THE ACQUISITION OR INSTALLATION OF
3 THE MEASURE IS DIRECTLY INCURRED IN WHOLE OR IN PART BY
4 THE ELECTRIC DISTRIBUTION COMPANY.

5 (2) ENERGY EFFICIENCY AND CONSERVATION MEASURES SHALL
6 INCLUDE SOLAR OR SOLAR PHOTOVOLTAIC PANELS, ENERGY EFFICIENT
7 WINDOWS AND DOORS, ENERGY EFFICIENT LIGHTING, INCLUDING EXIT
8 SIGN RETROFIT, HIGH BAY FLUORESCENT RETROFIT AND PEDESTRIAN
9 AND TRAFFIC SIGNAL CONVERSION, GEOTHERMAL HEATING,
10 INSULATION, AIR SEALING, REFLECTIVE ROOF COATINGS, ENERGY
11 EFFICIENT HEATING AND COOLING EQUIPMENT OR SYSTEMS AND ENERGY
12 EFFICIENT APPLIANCES AND OTHER TECHNOLOGIES, PRACTICES OR
13 MEASURES APPROVED BY THE COMMISSION.

14 "MECHANICAL INSULATION." INSULATION MATERIALS, FACINGS AND
15 ACCESSORY PRODUCTS USED FOR THERMAL REQUIREMENTS FOR MECHANICAL
16 PIPING AND EQUIPMENT, HOT AND COLD APPLICATIONS AND HEATING,
17 VENTING AND AIR CONDITIONING APPLICATIONS.

18 "PEAK DEMAND." THE HIGHEST ELECTRICAL REQUIREMENT OCCURRING
19 DURING A SPECIFIED PERIOD. FOR AN ELECTRIC DISTRIBUTION COMPANY,
20 THE TERM SHALL MEAN THE SUM OF THE METERED CONSUMPTION FOR ALL
21 RETAIL CUSTOMERS OVER THAT PERIOD.

22 "QUALITY ASSURANCE." ALL OF THE FOLLOWING:

23 (1) THE AUDITING OF BUILDINGS, EQUIPMENT AND PROCESSES
24 TO DETERMINE THE COST-EFFECTIVENESS OF ENERGY EFFICIENCY AND
25 CONSERVATION MEASURES USING NATIONALLY RECOGNIZED TOOLS AND
26 CERTIFICATION PROGRAMS.

27 (2) INDEPENDENT INSPECTION OF COMPLETED ENERGY
28 EFFICIENCY AND CONSERVATION MEASURES COMPLETED BY THIRD-PARTY
29 ENTITIES TO EVALUATE THE QUALITY OF THE COMPLETED MEASURE.

30 "REAL-TIME PRICE." A RATE THAT DIRECTLY REFLECTS THE

1 DIFFERENT COST OF ENERGY DURING EACH HOUR.

2 "TIME-OF-USE RATE." A RATE THAT REFLECTS THE COSTS OF
3 SERVING CUSTOMERS DURING DIFFERENT TIME PERIODS, INCLUDING OFF-
4 PEAK AND ON-PEAK PERIODS, BUT NOT AS FREQUENTLY AS EACH HOUR.

5 "TOTAL RESOURCE COST TEST." A STANDARD TEST THAT IS MET IF,
6 OVER THE EFFECTIVE LIFE OF EACH PLAN NOT TO EXCEED 15 YEARS, THE
7 NET PRESENT VALUE OF THE AVOIDED MONETARY COST OF SUPPLYING
8 ELECTRICITY IS GREATER THAN THE NET PRESENT VALUE OF THE
9 MONETARY COST OF ENERGY EFFICIENCY CONSERVATION MEASURES.

10 SECTION 2. THIS ACT SHALL TAKE EFFECT IN 60 DAYS.