

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1040 Session of
2024

INTRODUCED BY BOSCOLA, COMMITTA, HAYWOOD AND KANE,
JANUARY 12, 2024

REFERRED TO CONSUMER PROTECTION AND PROFESSIONAL LICENSURE,
JANUARY 12, 2024

AN ACT

1 Amending Title 66 (Public Utilities) of the Pennsylvania
2 Consolidated Statutes, in restructuring of electric utility
3 industry, providing for requisite procurement.

4 The General Assembly of the Commonwealth of Pennsylvania
5 hereby enacts as follows:

6 Section 1. Title 66 of the Pennsylvania Consolidated
7 Statutes is amended by adding a section to read:

8 § 2816. Requisite procurement.

9 (a) Class I procurement.--In addition to existing Federal or
10 State obligations in existence on the effective date of this
11 subsection, an electric distribution company shall purchase
12 alternative energy credits to ensure that electricity provided
13 to all distribution customers is attributable to Class I sources
14 in the following amounts:

15 (1) For June 1, 2024, through May 31, 2025, 0.75%.

16 (2) For June 1, 2025, through May 31, 2026, 1.5%.

17 (3) For June 1, 2026, through May 31, 2027, 3%.

18 (4) For June 1, 2027, through May 31, 2028, 4.75%.

- 1 (5) For June 1, 2028, through May 31, 2029, 6%.
- 2 (6) For June 1, 2029, through May 31, 2030, 6.25%.
- 3 (7) For June 1, 2030, through May 31, 2031, 6.45%.
- 4 (8) For June 1, 2031, through May 31, 2032, 6.7%.
- 5 (9) For June 1, 2032, and thereafter, 7%.

6 (b) Customer-generator solar photovoltaic procurement.--In
7 addition to Federal or State obligations in existence on the
8 effective date of this subsection, an electric distribution
9 company shall purchase alternative energy credits to ensure that
10 electricity provided to all distribution customers is
11 attributable to customer-generator solar photovoltaic
12 technologies in the following amounts:

- 13 (1) For June 1, 2024, through May 31, 2025, 0.15%.
- 14 (2) For June 1, 2025, through May 31, 2026, 0.34%.
- 15 (3) For June 1, 2026, through May 31, 2027, 0.525%.
- 16 (4) For June 1, 2027, through May 31, 2028, 0.75%.
- 17 (5) For June 1, 2028, through May 31, 2029, 1%.
- 18 (6) For June 1, 2029, through May 31, 2030, 1.25%.
- 19 (7) For June 1, 2030, through May 31, 2031, 1.5%.
- 20 (8) For June 1, 2031, through May 31, 2032, 1.75%.
- 21 (9) For June 1, 2032, and thereafter, 2%.

22 (c) Non-customer-generator solar photovoltaic procurement.--
23 In addition to Federal or State obligations in existence on the
24 effective date of this subsection, an electric distribution
25 company shall purchase alternative energy credits to ensure that
26 electricity provided to all distribution customers is
27 attributable to non-customer-generator solar photovoltaic
28 technologies in the following amounts:

- 29 (1) For June 1, 2024, through May 31, 2025, 0.4%.
- 30 (2) For June 1, 2025, through May 31, 2026, 0.7%.

- 1 (3) For June 1, 2026, through May 31, 2027, 1%.
2 (4) For June 1, 2027, through May 31, 2028, 1.3%.
3 (5) For June 1, 2028, through May 31, 2029, 1.6%.
4 (6) For June 1, 2029, through May 31, 2030, 1.9%.
5 (7) For June 1, 2030, through May 31, 2031, 2.2%.
6 (8) For June 1, 2031, through May 31, 2032, 2.6%.
7 (9) For June 1, 2032, and thereafter, 3%.

8 (d) Grandfathering.--Notwithstanding section 3 of the act of
9 November 30, 2004 (P.L.1672, No.213), known as the Alternative
10 Energy Portfolio Standards Act, in order to qualify as an
11 alternative energy source eligible to meet the photovoltaic
12 share of this Commonwealth's compliance requirements under the
13 Alternative Energy Portfolio Standards Act and to qualify for
14 solar renewable alternative energy portfolio credits, each solar
15 photovoltaic system must be a customer-generator system or a
16 solar photovoltaic system that has provided a certificate of
17 completion to the electric distribution company in accordance
18 with 52 Pa. Code Ch. 75 Subch. C (relating to interconnection
19 standards) on or before the effective date of this subsection
20 and qualifies to generate solar alternative energy credits under
21 the Alternative Energy Portfolio Standards Act.

22 (e) Fulfillment.--The obligations under subsections (a), (b)
23 and (c) shall be fulfilled using systems and methods in
24 existence on the effective date of this subsection for
25 attributing credits for State-mandated alternative energy
26 requirements to facilitate implementation of this section.
27 Alternative energy credits generated under subsections (a), (b)
28 and (c) shall be eligible for use in compliance with State-
29 mandated alternative energy requirements in the energy year in
30 which they are generated, and for the following four energy

1 years. The procurement under subsections (a), (b) and (c) shall
2 comply with the provisions of section 2804 of the act of April
3 9, 1929 (P.L.177, No.175), known as The Administrative Code of
4 1929.

5 (f) Alternative compliance payment.--

6 (1) Beginning with reporting year 2023, the alternative
7 compliance payment required for each megawatt hour of
8 shortfall of Class I procurement under subsection (a), non-
9 customer-generator solar procurement under subsection (c),
10 and Tier 1 alternative energy sources, with the exception of
11 solar photovoltaic shares, under section 3 of the Alternative
12 Energy Portfolio Standards Act, shall be \$45 for reporting
13 years 2025 through 2037 and an annually decreasing amount
14 that is \$5 less than the previous reporting year starting in
15 reporting year 2038 until the alternative compliance payment
16 is \$25 and continues thereafter at \$25.

17 (2) Beginning with reporting year 2025, the alternative
18 compliance payment required for each megawatt hour of
19 shortfall for the customer-generator solar photovoltaic
20 technologies specified under subsection (b) and the solar
21 photovoltaic shares under section 3 of the Alternative Energy
22 Portfolio Standards Act shall be the following in each
23 reporting year:

24 (i) For reporting years 2025 through 2029, \$95.

25 (ii) For reporting years 2030 through 2034, \$90.

26 (iii) For reporting years 2035 through 2039, \$85.

27 (iv) For reporting year 2040, \$80.

28 (v) An annually decreasing amount that is \$5 less
29 than the previous reporting year starting in reporting
30 year 2041 and culminating in \$25 for reporting year 2055

1 and thereafter.

2 (g) Virtual meter aggregation.--Virtual meter aggregation
3 shall apply as follows:

4 (1) On properties owned or leased and operated by a
5 customer-generator and located within a single electric
6 distribution company's service territory shall be eligible
7 for net metering if the customer-generator's system is
8 designed to generate no more than 110% of the customer-
9 generator's requirements for electricity across the customer-
10 generator's designated electric accounts or no more than 200%
11 of the customer-generator's requirements for electricity if
12 the customer-generator's system includes electric vehicle
13 supply equipment. A customer-generator's system may not be
14 located on the same or adjacent parcel of land to an existing
15 or proposed alternative energy system if the total installed
16 capacity on the same or adjacent parcel would exceed three
17 megawatts, except if the project is constructed on:

18 (i) A warehouse or commercial rooftop.

19 (ii) A brownfield.

20 (iii) Abandoned mine land.

21 (iv) A capped landfill.

22 (v) A parking facility canopy.

23 (2) Parcels of land cannot be subdivided in the two
24 years prior to applying to an electric distribution company
25 for commission approval.

26 (3) Upon commission approval of 500 megawatts of virtual
27 meter aggregated projects not approved by the commission as
28 of December 31, 2023, the commission shall establish a wait
29 list until it determines whether to approve additional
30 capacity for virtual meter aggregated projects.

1 (4) Net metered or virtual meter aggregated projects
2 approved by the commission or with an interconnection
3 application submitted to an electric distribution company on
4 or before December 31, 2023, shall be fulfilled using systems
5 and methods in existence under the Alternative Energy
6 Portfolio Standards Act on the effective date of this
7 paragraph.

8 (h) Required wages and employee benefits.--No less than the
9 prevailing minimum wages and employee benefits as would be
10 applicable to a project of public work under the act of August
11 15, 1961 (P.L.987, No.442), known as the Pennsylvania Prevailing
12 Wage Act, shall be paid to each workman employed on an
13 alternative energy system project, after the effective date of
14 this subsection, with a maximum net output of greater than 1
15 megawatt. As used in this section, the terms "public work" and
16 "workman" shall be as defined in section 2(5) and (7) of the
17 Pennsylvania Prevailing Wage Act.

18 (i) Definitions.--As used in this section, the following
19 words and phrases shall have the meanings given to them in this
20 subsection unless the context clearly indicates otherwise:

21 "Abandoned mine land." An area of land that is no longer in
22 use and is placed upon, under or above the surface of another
23 area of land by a person, used in extracting a natural resource
24 from its natural deposits in the earth by any means or method.

25 "Alternative energy system." As defined in section 2 of the
26 Alternative Energy Portfolio Standards Act.

27 "Brownfield." A property, the expansion, redevelopment or
28 reuse of which may be complicated by the presence or potential
29 presence of a hazardous substance, pollutant or contaminant.

30 "Capped landfill." A capped facility of trash and garbage

1 disposal in which the waste is buried between layers of earth.

2 "Class I sources." Energy derived from:

3 (1) Solar photovoltaic and solar thermal energy.

4 (2) Wind power.

5 (3) Low-impact hydropower.

6 (4) Geothermal energy.

7 (5) Biologically derived methane gas.

8 (6) Fuel cells.

9 (7) Biomass energy.

10 (8) Coal mine methane.

11 "Customer-generator." As defined in section 2 of the
12 Alternative Energy Portfolio Standards Act.

13 "Net metering." Notwithstanding section 2 of the Alternative
14 Energy Portfolio Standards Act, upon the effective date of this
15 subsection, the term shall mean the means of measuring the
16 difference between the electricity supplied by an electric
17 utility and the electricity generated by a customer-generator if
18 any portion of the electricity generated by the alternative
19 energy generating system is used to offset part or all of the
20 customer-generator's requirements for electricity.

21 "Non-customer-generator solar." A solar photovoltaic system
22 that does not meet the definition of customer-generator as
23 defined in section 2 of the Alternative Energy Portfolio
24 Standards Act.

25 "Parking facility canopy." A structure that is constructed
26 over the top of a public or private parking lot.

27 "Warehouse." The term includes a distribution facility,
28 storage facility, fulfillment center, logistics facility and
29 similar uses.

30 "Warehouse or commercial rooftop." A roof that is located on

1 a building or group of buildings primarily used for indoor
2 storage, transfer and distribution of products and materials.

3 Section 2. This act shall take effect immediately.