

- ▼ Last year, nearly \$529 million were collected for energy efficiency and conservation programs under Act 129. As energy costs continue to escalate, we should repurpose these dollars to offset the rising costs to Pennsylvanians.
- ▼ Because of our interstate grid and certain cost allocation, policy decisions made in other states can create a cost-consequence for Pennsylvania ratepayers. The Public Utility Commission (PUC) should be prohibited from increasing rates on Pennsylvanians just to pay for other states' decisions.
- ▼ The Pennsylvania Department of Environmental Protection (DEP) often implements regulations and adopts policies without considering broader energy implications. Mandating an independent energy advocate to protect our grid reliability and energy affordability would improve this practice.
- ▼ Energy prices, like health care costs, are a necessary, ongoing and escalating cost for many Pennsylvania families. In fact, Pennsylvania families pay higher rates than commercial enterprises. To mitigate these costs, families will be able to pay their energy bills with pre-tax dollars (similar to a 529 plan or HSA but for energy bills).
- ▼ Property taxes are an increasing burden on our seniors and are one of the root causes for seniors being unable to afford their homes. While we have increased and expanded the Property Tax/Rent Rebate program in recent years, the program does not take into consideration the burden of energy costs. For this reason, we will introduce legislation to include utility costs in the determination of the amount of relief awarded.
- ▼ Currently, the Commonwealth simply retires its unused Solar Renewable Energy Certificate credits that it received from a Constellation/Lightsource BP agreement made a few years ago. To offset the cost of increases to consumers' electric bills, the Commonwealth should sell the SRECs or direct them into electric distribution companies rather than wasting them.
- ▼ Several progressive municipalities across the country have enacted ordinances and other actions to prohibit new natural gas hookups by residents and businesses alike. To ensure municipalities in Pennsylvania do not follow suit, we will be introducing a bill to prohibit municipalities from enacting such restrictions that interfere with the state's ability to set energy policies.
- ▼ DEP has a culture of being a barrier to improving the business expansion and climate in Pennsylvania. A proper renaming of the agency to clearly identify their role to the Department of Energy and Environmental Service may start the process of better serving our communities.
- ▼ In the wake of the governor's push to have Pennsylvania enter RGGI, many communities are home to now shuttered energy production facilities. These sites need to be put back into production and provide needed jobs in the communities. We will provide for former energy production sites to be designated as KOZs to provide incentives for redevelopment.
- ▼ There is no single agency or entity that reviews all the regulations, policies and actions taken by the Commonwealth to ensure our actions promote affordable, reliable energy. A new independent agency can do this without bias and be charged with approving actions that would impact Pennsylvania's energy portfolio.
- ▼ Pennsylvania is a leading power exporter in the nation. We are part of a multi-state regional transmission organization, known as PJM, that ensures the effectiveness and reliability of the electric grid. As a power-exporter, Pennsylvania should take action within the PJM consortium to unify with other power-exporters to better represent those interests.
- ▼ Households experience the impacts of high energy costs immediately, as some are forced to reduce spending on food, medicine or other necessities in order to heat their homes. This is unacceptable, especially when rising prices are attributable to government regulations and policies. To correct this, we will require any regulation to disclose information about how it may negatively impact electric prices.

Legislation Currently Introduced by House Republicans

1

Rep. Kaufer, Repurposing Act 129 Dollars:
Redirects unused dollars for energy efficiency and conservation programs under Act 129 for a multitude of uses, including flowing back to ratepayers as a negative surcharge.

2

Rep. Fritz, Independent Energy Advocate:
Creates an Independent Energy Advocate within DEP. The advocate would weigh in on any DEP action that would impact Pennsylvania's energy portfolio.

3

Rep. Cabell, Utilizing Pre-Tax Dollars for Energy Costs:
Allows energy bills to be paid with pre-tax dollars.

4

Rep. Hogan, Including Energy Costs in the Tabulation of Property Tax/Rent Rebate Relief:
Includes utility costs in the determination of the amount of relief provided to claimants within the current income eligibility and rebate amount parameters.

5

Rep. Owlett, Properly Renaming the State Agency of DEP:
Renames the Pennsylvania Department of Environmental Protection to the Pennsylvania Department of Environmental Services.

6

Rep. Nelson, Keystone Opportunity Zones (KOZs) for New Energy Facilities:
Allows former energy production sites to be eligible to be designated as a KOZ.

7

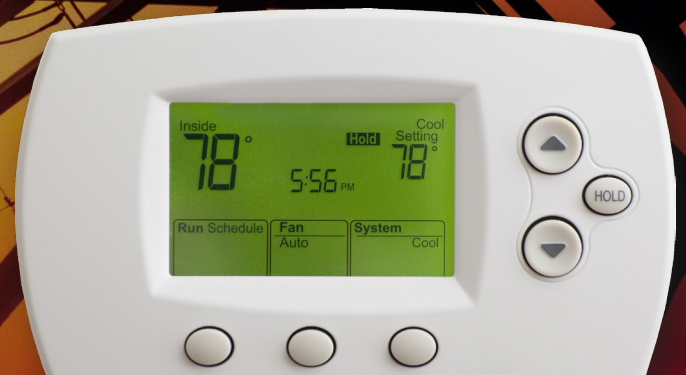
Rep. Struzzi, Independent Agency to Promote Energy Development
Establishes an independent agency to be charged with approving any regulation or action of a state agency that would impact the Commonwealth's energy portfolio.

8

Rep. Hamm, Power-Exporting State Consortium:
Directs Pennsylvania into a specific stakeholder group for a subset of PJM.

9

Rep. Struzzi, Disclosing Regulations' Impact on the Affordability of Energy:
Amends the Regulatory Review Act to require any regulation to include information about how it may negatively impact electric prices.



Background Information

Average Pennsylvania Family Costs

According to the U.S. Energy Information Administration, the average Pennsylvania family consumes more than 10,000 kilowatt-hours of electricity annually and spends more than \$2,000 per year on energy bills.

Pennsylvania's Energy Profile

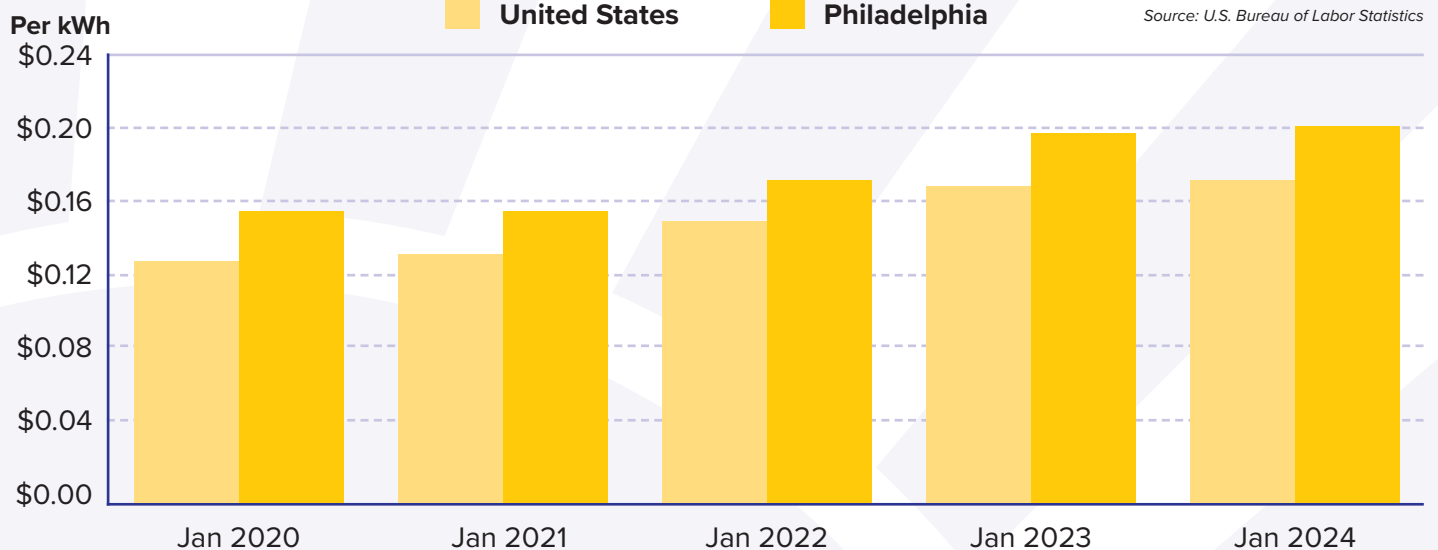
Pennsylvania's residential consumers pay more than the average U.S. consumer for electricity.

Petroleum	Pennsylvania	U.S. Average	Period
Domestic Crude Oil First Purchase	\$67.84/Barrel	\$77.46/Barrel	Nov-23
Natural Gas	Pennsylvania	U.S. Average	Period
City Gate	\$4.85/Thousand Cu. Ft.	\$4.36/Thousand Cu. Ft.	Nov-23
Residential	\$12.29/Thousand Cu. Ft.	\$13.36/Thousand Cu. Ft.	Nov-23
Coal	Pennsylvania	U.S. Average	Period
Average Sales Price	\$94.69/Short Ton	\$54.46/Thousand Cu. Ft.	2022
Delivered to Electric Power Sector	\$2.12/Million bTu	\$2.51/Million bTu	Nov-23
Electricity	Pennsylvania	U.S. Average	Period
Residential	18.11 Cents/kWh	16.19 Cents/kWh	Nov-23
Commercial	11.25 Cents/kWh	12.60 Cents/kWh	Nov-23
Industrial	7.69 Cents/kWh	7.90 Cents/kWh	Nov-23
Pennsylvania ranks sixth in the nation in total energy consumption (while also producing over 10% of all the energy produced in the United States).			
Summary	Pennsylvania	U.S. Rank	Period
Total Consumption	3,634 Trillion bTu	6	2021
Total Consumption per Capita	279 Million bTu	29	2021
Total Expenditures	\$46,423 Million	5	2021
Total Expenditures per Capita	\$3,568	39	2021
By End-Use Sector	Pennsylvania	Share of U.S.	Period
Consumption			
Residential	874 Trillion bTu	4.2%	2021
Commercial	549 Trillion bTu	3.2%	2021
Industrial	1,371 Trillion bTu	4.2%	2021
Transportation	841 Trillion bTu	3.1%	2021
Expenditures			
Residential	\$12,630 million	4.5%	2021
Commercial	\$5,667 million	2.8%	2021
Industrial	\$8,609 million	3.7%	2021
Transportation	\$19,517 million	3.2%	2021

Average Energy Prices, Philadelphia-Camden-Wilmington 2024

The 20.0 cents per kWh that Philadelphia households paid for electricity in January 2024 was 15.6% higher than the nationwide average cost of 17.3 cents per kWh. Last January, electricity prices in Philadelphia were 17.3% higher than the nation. From 2020-22, prices paid by Philadelphia-area consumers for electricity in January ranged between 13.2% to 17% higher than the U.S. average.

Average prices for electricity, the United States and Philadelphia-Camden-Wilmington, PA-NJ-DE-MD, 2020-24 (as of January)



The PUC has two energy shopping websites: [PAPowerSwitch.com](https://www.papowerswitch.com) and [PAGasSwitch.com](https://www.pagaswitch.com) that offer benefits for consumer energy costs. Both websites allow residential and small business to quickly compare offers from competitive suppliers against the default service rates from their local utilities.

STANDARD OFFER PROGRAM

As another alternative for default service customers not participating in the competitive electricity market, Pennsylvania's regulated utilities offer a voluntary Standard Offer Program (SOP) – providing those customers with the option of receiving service from a competitive supplier at a fixed-price that is 7% below the utility's current "Price to Compare." The SOP price is fixed for one year and can be canceled by the customer at any time with no early cancellation or termination fees.

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Act 129

The Public Utility Commission (PUC) is involved in the implementation of Act 129 of 2008. The act (formerly HB 2200) was signed into law on Oct. 15, 2008, with an effective date of Nov. 14, 2008. The act expands the commission's oversight responsibilities and imposes new requirements on electric distribution companies (EDCs), with the overall goal of reducing energy consumption and demand.

BENEFITS OF ACT 129

Act 129 delivered **\$6.4 billion in benefits** to Pennsylvania electric customers in its first seven years.

- Customers who take advantage of Act 129 programs directly benefit through bill savings.
- Efficiency investments have reduced energy demand, avoiding the need for expensive utility investments in new power generation, transmission and distribution infrastructure.

Energy efficiency creates jobs.

- In early 2020, energy efficiency accounted for more than 71,000 Pennsylvania jobs, according to the Department of Energy.
- Efficiency jobs are found in every, and most are in fields that cannot be outsourced, like construction.
- The energy efficiency workforce includes electricians, engineers, architects, trained technicians, financial analysts, construction workers, facility managers, software developers, marketing professionals and other specialists.

Solar Renewable Energy Certificates (SRECs)

A renewable energy certificate (REC) is a market-based instrument that represents the property rights to the environmental, social and other non-power attributes of renewable electricity generation. Solar RECs (SRECs) are created for each megawatt-hour of electricity generated from solar energy systems.

Many states create SREC markets to spur the development of solar by requiring electricity suppliers to purchase SRECs produced by in-state solar systems as part of their obligation under the state's Renewable Portfolio Standard (RPS). This solar-specific requirement to meet a portion of the RPS with solar resources is often referred to as a "solar carve out." Through the purchase of the SRECs, electricity suppliers are ensuring their products meet the RPS-mandated amount of solar power. The monetary value of an SREC in these state markets is determined by supply and demand, with demand largely driven by electricity suppliers needing to meet their solar RPS requirement or pay a compliance premium.

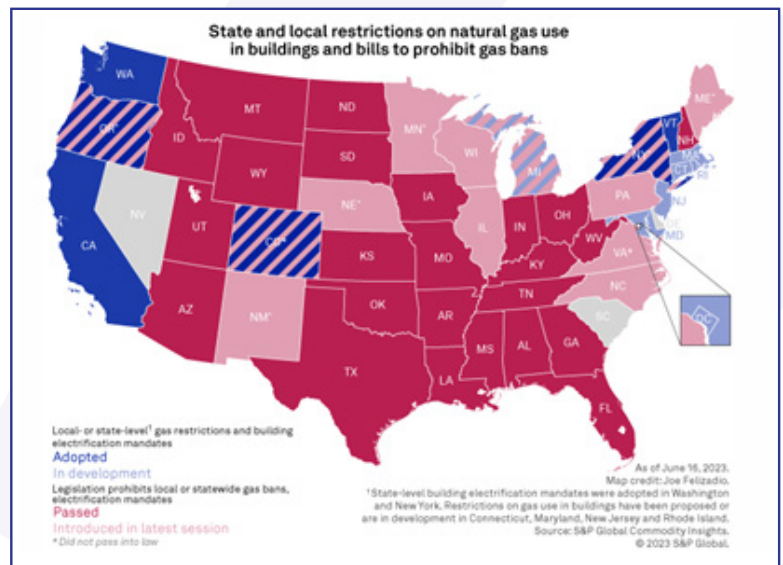
Homeowners and businesses hosting solar systems in states with SREC markets are able to reduce their costs of electricity by selling the SRECs associated with their systems' output into the SREC market, for ultimate use by utilities. However, by doing so, homeowners and businesses preclude themselves from making solar power "use" claims or claims on reducing their carbon footprint. For more on claims, visit the Solar Power Use Claims Guidance webpage.



Pre-emptive Legislation Prohibiting Municipalities from Banning Natural Gas

In 2019, Berkeley, California, was the first city in the United States to ban natural, fossil gas hook-ups in new buildings. Other major cities across the nation, including San Francisco, Seattle, Denver and New York, have either enacted or proposed measures to ban or discourage the use of fossil fuels in new homes.

Arizona in 2020 was the first state in the nation to pass pre-emptive legislation barring municipalities from banning new gas hookups. Since then, the following states have passed similar preemption laws prohibiting municipalities from enacting measures to ban new gas hookups: Alabama, Arkansas, Florida, Georgia, Indiana, Iowa, Kansas, Kentucky, Louisiana, Missouri, Mississippi, New Hampshire, Ohio, Oklahoma, Texas, Tennessee, Utah, West Virginia and Wyoming. Other states including Michigan and North Carolina have joined Pennsylvania in introducing preemption bills to prohibit municipalities from enacting measures to ban new gas hookups.




Alternative Energy Portfolio Standards Act

ALTERNATIVE ENERGY PORTFOLIO STANDARDS ACT OF 2004

On Nov. 30, Act 213 of 2004 was signed into law. Generally, the law requires that electric distribution companies and electric generation suppliers include a specific percentage of electricity from alternative resources in the generation they sell to Pennsylvania customers. The level of alternative energy required gradually increases according to a 15-year schedule found in Act 213. While Act 213 does not mandate exactly which resources must be utilized and in what quantities, certain minimum thresholds must be met for the use of Tier I, Tier II, and solar photovoltaic resources. Additional modernization and updates were made to the law in 2007, 2017 and 2020.

PJM

PJM Interconnection is a regional transmission organization (RTO) that coordinates the movement of wholesale electricity in all or parts of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia and the District of Columbia.

- Acting as a neutral, independent party, PJM operates in a competitive wholesale electricity market and manages the high-voltage electricity grid to ensure reliability for more than 65 million people.
 - PJM's long-term regional planning process provides a broad, interstate perspective that identifies the most effective and cost-efficient improvements to the grid to ensure reliability and economic benefits on a system-wide basis.
 - An independent board oversees PJM's activities.
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- A map of the PJM (Piedmont Joint Market) region, which covers parts of the Northeast and Southeast United States. The map shows state boundaries and is color-coded: dark blue for the northern part (including Pennsylvania, Delaware, and Maryland) and light green for the southern part (including Virginia, North Carolina, and South Carolina). The Atlantic Ocean is visible to the east.

