

March 9, 2018

Sent via e-mail

Chairman Stephan Barrar
House Veterans Affairs and Emergency Preparedness Committee
Pennsylvania State House of Representatives
18 East Wing
Harrisburg, PA 19120

Dear Chairman Barrar,

The PJM Power Providers Group (P3)¹ offers these comments in opposition to House Bill 1412, as currently written, which is scheduled for a committee vote on Monday March 12, 2018. By allowing Pennsylvania's regulated utilities to own and recover the costs associated with electric generation facilities, the Bill is inconsistent with Pennsylvania's long standing policy of promoting competition for electricity generation and runs contrary to Pennsylvania law. The bill should be amended to remove these troublesome provisions and allow the Commonwealth to promote microgrids in a manner that enhances the benefits of competitive electric markets rather than in a manner that undermines those benefits.

P3 supports competitive generation markets and believes that consumers benefit when generators compete to serve the needs of consumers. In 1996, the Commonwealth declared that competitive electricity markets were in the best interests of consumers and, since that time, consumers in Pennsylvania have reaped the benefits of historically low power prices, unprecedented reliability, reduced emissions and greater choice.

¹The PJM Power Providers Group (P3)¹ is a non-profit organization made up of power providers whose mission it is to promote properly designed and well-functioning competitive wholesale electricity markets in the 13-state region and the District of Columbia served by PJM Interconnection. Combined, P3 members own more than 84,000 megawatts of generation assets in PJM, produce enough power to supply over 20 million homes and employ over 40,000 people. The views expressed in this letter represent the views of P3 as an organization and not necessarily the views of individual members with respect to any issue. For more information, visit www.p3powergroup.com.

House Bill 1412, if enacted as currently written, would allow Pennsylvania's electricity distribution companies to own generation assets – in direct contravention to the Electric Competition on Customer Choice Act of 1996. Distributed energy resources owned by the utility as part of a microgrid project would have the ability to participate in the regional wholesale market and compete against the very assets that the General Assembly moved out of cost of service regulation in 1996. Allowing utilities with regulated revenue streams to compete against competitive providers that do not enjoy similar revenue guarantees distorts the competitive market place and discourages at risk capital from entering the market. Such a change in policy to would be a significant and misguided one for the Commonwealth that should not be pursued.

Pennsylvania is rightfully proud of the numerous benefits that restructured markets have brought to the Commonwealth. Two decades of bipartisan regulatory and legislative support for electric competition has placed Pennsylvania in an envious position. As the current chair of the Pennsylvania Commission, Gladys Brown, appropriately observed, "...Pennsylvania has stood on the national forefront of electric competition, putting the power of choice in the hands of consumers and giving them greater control of their electric bills.....As result of this historic legislation, millions of electricity customers have made choices and saved money, purchased renewable products and explored innovative new offers and plans." House Bill 1412, if enacted as currently written, would be a significant step backward for the Commonwealth as it would erode the foundation upon which restructuring rests.

P3 urges the committee to oppose House Bill 1412 as currently written. The development of microgrids in Pennsylvania offers enormous potential and opportunity for the Commonwealth provided it is done consistent with the competitive electric generation markets that have served Pennsylvania so well. P3 welcomes the opportunity to work with the Committee to accomplish the goal of promoting microgrids while preserving the benefits of electric competition for Pennsylvania's homes and businesses.

Respectfully submitted,

/s/ Glen Thomas

Glen Thomas
President, PJM Power Providers Group