

# Pennsylvania's

## Energy Independence Strategy





**THE FOLLOWING IS SUBJECT TO CHANGE!**

## The Pennsylvania Energy Independence Strategy Will:

- Save consumers \$10 billion in energy costs over the next ten years;
- Reduce Pennsylvania's reliance on foreign fuels; and
- Grow Pennsylvania's energy economy.

## Energy Independence Strategy PRICE DRIVERS

### Rate Caps Expiring

- Maryland 70%
- Delaware 50%
- UGI 40%
- Pike County 72%

### Peak Power Prices Soaring

- 500-700% higher than base

### Long Term Contracts Prohibited

- Spot Market

## Energy Independence Strategy PRICE DRIVERS

### Demand Growth Straining the Grid

- 1.2 % annual baseload growth
- 13 % peak power growth 2004-2006
- 16 % peak power growth by 2017

**Without aggressive conservation, billions in new power plants, transmission lines required.**

### “Reliability Pricing Model” Surcharges

- \$643 M for PECO 2007-2008
- \$643 M for PECO 2008-2009
- \$972 M Statewide by 2009-2010

## Energy Independence Strategy SAVINGS

**Overall: \$10 billion over 10 years**

### Examples:

PJM/DEP Study: 3-5% cut in peak demand	\$230 M/yr
CMU Study: 5% cut in base demand	\$750 M/yr
CMU Study: Microgrids serving 5% of load	\$546 M/yr
Cool Appliances Swap	\$ 13 M/yr
PA Sunshine	\$ 10 M/yr

## Energy Independence Strategy COST CUTTING TOOLS

- **Smart Meters**
- **Time of Use Rates**
- **Cool Appliance Swap Rebates**
- **Pennsylvania Sunshine Grants and Rebates**
- **Demand growth met through cheaper conservation**
- **Acquisition of power through a “Least Cost Portfolio”**
- **Long term contracts**
- **“At Cost” Rates**
- **Three year phase in of any PUC approved rate increase**
- **Encouraging “microgrids”**

## **PENNSECURITY FUELS INITIATIVE**

**GOAL: Grow at home the same volume of fuel imported from the Persian Gulf**

-- 1 billion gallons of fuel in 2017

**GOAL: Keep fuel dollars at home**

-- \$30 billion 'exported' from PA every year for gas and liquid fuels

**GOAL: Support Pennsylvania Farmers**

-- Biggest farmland preservation program in nation but still lose 3 acres for each acre saved

**Every gallon of gasoline and diesel sold in PA to have renewable content**

### **Production and Infrastructure Triggers**

<b>10% Ethanol</b>	<b>200M gals/year in-state production</b>
	<b>Rail infrastructure</b>
<b>2% Biodiesel</b>	<b>30M gals/year in-state production</b>
<b>5% Biodiesel</b>	<b>75M gals/year in-state production</b>
<b>10% Biodiesel</b>	<b>150M gals/year in-state production</b>
<b>20% Biodiesel</b>	<b>300M gals/year in-state production</b>

## Creating Jobs and Growing PA's Energy Sector

- **Clean Energy is among the fastest growing investment sectors in the U.S. and global economy.**
- **\$24 billion invested in last 5 years.**
- **Pennsylvania has been a leader in attracting some of the world's leading advanced energy companies.**
- **Our universities have a base of world class research and talent.**

## The Energy Independence Fund

- **\$106 million for venture capital and the commercialization of emerging technology.**
- **\$500 million for clean energy projects.**
  - **Biofuels**
  - **Solar**
  - **Wind**
  - **Clean Coal**
  - **Energy Conservation**
- **\$244 million for rebates and incentives for home appliances and solar systems.**



## Proposed Programs

- **Energy Independence Greenhouse**
- **Energy Independence Venture Capital Program**
- **Energy Independence Grants and Loans**
- **Energy Independence Site Preparation**
- **Cool Appliance Swap**
- **Pennsylvania Sunshine**

## Recent Developments

- Enactment of H.B. 1203 (Act 35) on July 17, 2007
  - Amends AEPS to expand net metering, strengthen force majeure and modify the solar share language
- Enactment of H.B. 1530 (Act 36) on July 17, 2007
  - Amends the PUC Code to allow negotiated rates for large customers
- Special Legislative Session on September 17, 2007
  - Ongoing as we meet



**REMEMBER, THE FOREGOING IS SUBJECT  
TO CHANGE!**