

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 504 Session of
2025

INTRODUCED BY SCHWEYER, VENKAT, ABNEY, WAXMAN, GIRAL, FREEMAN,
SAPPEY, HILL-EVANS, HOWARD, MADDEN, SCHLOSSBERG, ISAACSON,
KAZEEM, PIELLI, PROBST, MALAGARI, SIEGEL, NEILSON, RIVERA,
SANCHEZ, VITALI, MATZIE, D. WILLIAMS, O'MARA, CEPEDA-FREYTIZ,
DAVIDSON, STEELE, K.HARRIS, DONAHUE, CIRESI, KHAN, FRIEL,
PROKOPIAK, SALISBURY, BOROWSKI, FIEDLER, KINKEAD, A. BROWN,
MCNEILL, TAKAC, KRAJEWSKI, MADSEN AND T. DAVIS,
APRIL 23, 2025

AS AMENDED ON SECOND CONSIDERATION, HOUSE OF REPRESENTATIVES,
MAY 6, 2025

AN ACT

1 Providing for community energy facilities; imposing duties on
2 the Pennsylvania Public Utility Commission, electric
3 distribution companies and subscriber organizations; and
4 providing for prevailing wage and labor requirements.

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11 The General Assembly of the Commonwealth of Pennsylvania
12 hereby enacts as follows:

13 Section 1. Short title.

14 This act shall be known and may be cited as the Community
15 Energy Act.

16 Section 2. Findings and declarations.

17 The General Assembly finds and declares as follows:

18 (1) Growth in energy generation provides family-
19 sustaining jobs and investments in this Commonwealth.

20 (2) Programs for community energy generation provide
21 customers with additional energy choices and access to
22 affordable energy options.

23 (3) Community energy programs provide customers,
24 including homeowners, renters and businesses, access to the
25 benefits of Pennsylvania community energy generation that is
26 unconstrained by the physical attributes of their home, farm
27 or business, including roof space, shading or ownership
28 status.

29 (4) In addition to its provision of standard electricity
30 market commodities and services, local energy generation can

1 contribute to a more resilient grid and defer the need for
2 costly new transmission and distribution system investment.

3 (5) The intent of this act is to:

4 (i) Allow electric distribution customers of this
5 Commonwealth to subscribe to a portion of a community
6 energy facility and have the result of the subscription
7 be guaranteed savings.

8 (ii) Reasonably allow for the creation, financing,
9 accessibility and operation of third-party-owned
10 community energy generating facilities and enable robust
11 customer participation.

12 (iii) Encourage the development of community energy
13 programs that will facilitate participation by and for
14 accessibility and operation of third-party-owned
15 community energy generating facilities and enable robust
16 customer participation.

17 (iv) Encourage the development of community energy
18 programs that will facilitate participation by and for
19 the benefit of low-income and moderate-income customers
20 and the communities where they live, reduce barriers to
21 participation by renters and small businesses, promote
22 affordability and improve access to basic public utility
23 services.

24 (v) Maximize the use of Federal money to provide for
25 the development of community energy programs.

26 Section 3. Definitions.

27 The following words and phrases when used in this act shall
28 have the meanings given to them in this section unless the
29 context clearly indicates otherwise:

30 "Bill credit." The commission-approved monetary value of

1 each kilowatt hour of electricity generated by a community
2 energy facility and allocated to a subscriber's monthly bill to
3 offset any part of the subscriber's retail electric bill other
4 than volumetric or demand-based distribution charges.

5 "Brownfield." Real property, the expansion, redevelopment or
6 reuse of which may be complicated by the presence or potential
7 presence of a hazardous substance, pollutant or contaminant.

8 "Brownfield community energy facility." A community energy
9 facility that is primarily located on land that is a brownfield.

10 "Commission." The Pennsylvania Public Utility Commission.

11 "Community energy facility." A facility that meets all of
12 the following criteria:

13 (1) Is located within this Commonwealth.

14 (2) Is connected to and delivers electricity to a
15 distribution system operated by an electric distribution
16 company operating in this Commonwealth and in compliance with
17 requirements under this act.

18 (3) Generates electricity by means of:

19 (i) a solar photovoltaic device with a nameplate
20 capacity rating that does not exceed:

21 (A) 5,000 kilowatts of alternating current for a
22 facility that is not a brownfield community energy
23 facility or rooftop community energy facility; and

24 (B) 20,000 kilowatts of alternating current for
25 a facility that is a brownfield community energy
26 facility or rooftop community energy facility; or

27 (ii) a renewable natural gas device with a nameplate
28 capacity rating that does not exceed:

29 (A) 5,000 kilowatts of alternating current for a
30 facility that is not a brownfield community energy

1 facility; and

2 (B) 20,000 kilowatts of alternating current for
3 a facility that is a brownfield community energy
4 facility.

5 (3.1) IN THE CASE OF A RENEWABLE NATURAL GAS DEVICE CO- <--
6 LOCATED WITH AN ANAEROBIC DIGESTER, USES ALL BIODIESEL OR
7 BIOGAS PRODUCED FOR ELECTRICITY GENERATION FROM A DIRECTLY
8 CONNECTED GENERATOR, ON-SITE USE AS HEATING OR TRANSPORTATION
9 FUEL OR ON-FARM USE BY AN AGRICULTURAL OPERATION.

10 (4) Has no single subscriber who subscribes to more than
11 50% of the facility capacity in kilowatts or output in
12 kilowatt hours, except if:

13 (i) the single subscriber is a master-metered
14 multifamily residential or commercial building; or

15 (ii) the single subscriber is an agricultural
16 operation as defined in 26 Pa.C.S. § 202 (relating to
17 definitions) and the facility has no fewer than three
18 subscribers.

19 (5) Has not less than 50% of the facility capacity
20 subscribed by subscriptions of 25 kilowatts or less or
21 subscribed by agricultural operations as defined in 26
22 Pa.C.S. § 202.

23 (6) Credits some or all of the facility-generated
24 electricity to the bills of subscribers.

25 (7) May be located remotely from a subscriber's premises
26 and is not required to provide energy to on-site load.

27 (8) Is owned or operated by a community energy
28 organization.

29 (9) Delivers the amount of energy and capacity that is
30 contracted by each customer.

1 "Community energy organization." As follows:

2 (1) An entity that owns or operates a community energy
3 facility and is not required to:

4 (i) be an existing retail electric customer;

5 (ii) purchase electricity directly from the electric
6 distribution company;

7 (iii) serve electric load independent of the
8 community energy facility; or

9 (iv) operate under an account held by the same
10 individual or legal entity of the subscribers to the
11 community energy facility.

12 (2) For the purpose of this definition, a community
13 energy organization shall not be deemed a public utility
14 solely as a result of the organization's ownership or
15 operation of a community energy facility.

16 "Department." The Department of Environmental Protection of
17 the Commonwealth.

18 "Electric distribution company." As defined in 66 Pa.C.S. §
19 2803 (relating to definitions).

20 "Electric distribution customer." A customer that takes
21 electric distribution service from an electric distribution
22 company, regardless of whether the company is the customer's
23 supplier of electric generation or not.

24 "Guaranteed savings." Realized savings by a subscriber from
25 a community energy organization manifested as the difference
26 between the cost of a subscription paid to a community energy
27 facility and the credit received on the subscriber's electric
28 bill for the generation attributed to the subscription.

29 "Initial and replacement subscribers." Each subscriber to a
30 single community energy facility over the life of the facility.

1 "Low income." A family income at or below 150% of the
2 poverty line as defined in 42 U.S.C. § 9902(2) (relating to
3 definitions) based on the size of the family.

4 "Pennsylvania Prevailing Wage Act." The act of August 15,
5 1961 (P.L.987, No.442), known as the Pennsylvania Prevailing
6 Wage Act.

7 "Public utility." As defined in 66 Pa.C.S. § 102 (relating
8 to definitions).

9 "Renewable natural gas device." A device that generates
10 electricity relying upon a fuel source consisting of at least
11 75% biodiesel or biogas, including biogas derived from municipal
12 solid waste, industrial and food waste, wastewater treatment
13 material and animal manure, resulting from the decomposition of
14 that organic matter under anaerobic conditions, the principal
15 constituents of which are methane and carbon dioxide, that has
16 been upgraded for use in place of fossil natural gas, gasoline
17 or diesel fuel.

18 "Rooftop community energy facility." A community energy
19 facility that is primarily located on rooftops.

20 "Subscriber." An electric distribution customer of an
21 electric distribution company who contracts for a subscription
22 of a community energy facility interconnected with the
23 customer's electric distribution company. The term includes an
24 electric distribution customer who owns a portion of a community
25 energy facility.

26 "Subscriber administrator." An entity that recruits and
27 enrolls a subscriber, administers subscriber participation in a
28 community energy facility and manages the subscription
29 relationship between subscribers and an electric distribution
30 company. The term includes a community energy organization. For

1 the purpose of this definition, a subscriber administrator shall
2 not be considered a public utility solely as a result of the
3 subscriber administrator's operation or ownership of a community
4 energy facility.

5 "Subscription." A contract between a subscriber and a
6 subscriber administrator of a community energy facility that
7 entitles the subscriber to a bill credit, measured in kilowatt
8 hours, and applied against the subscriber's retail electric
9 bill.

10 "Unsubscribed energy." The output of a community energy
11 facility, measured in kilowatt hours, that is not allocated to
12 subscribers.

13 Section 4. Authorization to own or operate community energy
14 facilities.

15 A community energy organization or subscriber administrator
16 may develop, build, own or operate a community energy facility.
17 A community energy organization may serve as a subscriber
18 administrator or may contract with a third party to serve as a
19 subscriber administrator on behalf of the community energy
20 organization. Renewable energy credits that are associated with
21 the generation of electricity by a community energy facility
22 shall be the property of the community energy organization and
23 may be retired or transferred by the community energy
24 organization or retired on behalf of the subscribers.

25 Section 5. Bill credit for subscribers to community energy
26 facilities.

27 (a) Credit.--A subscriber to a community energy facility
28 shall receive a monetary bill credit for every kilowatt hour
29 produced by the subscriber's subscription. A community energy
30 facility that demonstrates all of the following to the

1 commission shall have the initial and replacement subscribers of
2 the community energy facility receive a bill credit from the
3 date the community energy facility is authorized by the
4 commission to operate:

5 (1) An executed interconnection agreement with an
6 electric distribution company obtained in accordance with 52
7 Pa. Code Ch. 75 (relating to alternative energy portfolio
8 standards).

9 (2) Proof of site control.

10 (3) The required nonministerial permits.

11 (4) Proof that the community energy facility will be at
12 least 50% subscribed on the date the community energy
13 facility receives permission to operate.

14 (5) A signed agreement for a commission-approved
15 workforce development requirement.

16 (6) Proof that the community energy facility is
17 constructed or, if not yet constructed, an attestation that
18 the community energy facility will be in compliance with
19 section 13.

20 (7) A community energy organization or subscriber
21 administrator will not bill a subscriber for services
22 provided by an electric distribution company. An electric
23 distribution company may not bill a subscriber for
24 subscription costs to a community energy organization.

25 (b) Establishment of credit.--Within 180 days of the
26 effective date of this subsection, the commission shall
27 establish a bill credit for a public utility that appropriately
28 values the energy, capacity and transmission values produced by
29 a community energy facility and is not less than the ~~bill credit~~ <--
30 ~~established under 52 Pa. Code § 75.13(e) (relating to general~~

~~provisions). The terms and conditions of receiving the bill credit may not limit or inhibit participation of subscribers from any rate class.~~ PRICE DETERMINED UNDER 66 PA.C.S. § 2807(E) <--
(7) (RELATING TO DUTIES OF ELECTRIC DISTRIBUTION COMPANIES) FOR THE SUBSCRIBER'S RATE CLASS AT THE TIME OF ENROLLMENT. THE TERMS AND CONDITIONS OF RECEIVING THE BILL CREDIT MAY NOT LIMIT, ALTER OR INHIBIT PARTICIPATION OF SUBSCRIBERS FROM ANY RATE CLASS, NOR ALTER THE SUBSCRIPTION'S ORIGINAL RATE CLASS AT ANY TIME ONCE ENROLLED.

Section 6. Protection for customers.

(a) Customer protection provisions.--The commission shall promulgate regulations providing for the protection of a residential customer who has a subscription with a community energy organization or subscriber administrator.

(b) Standardized customer disclosure form.--The commission shall develop a standardized customer disclosure form in English and Spanish for a residential customer that identifies key information that is required to be provided by a subscriber administrator to a potential residential subscriber, including future costs and benefits of a subscription and the subscriber's rights and obligations pertaining to a subscription.

(c) Subscription costs.--The subscription costs for a subscriber must be lesser than the value of the bill credit and may not include any up-front or sign-on fees or credit checks. The subscription costs shall be nonbasic public utility charges. Failure to pay a subscription may result in the loss of a subscription but shall not impact public utility services.

(d) Benefits and costs.--The commission shall maximize benefits and minimize costs to each rate class, notwithstanding participation in a community energy program.

1 (e) Fees prohibited.--A community energy organization may
2 not impose a termination or cancellation fee on a subscriber.

3 (f) Net crediting.--An electric distribution company shall
4 enter into a net crediting agreement with a community energy
5 organization to include a subscriber's subscription fee on a
6 monthly bill and provide a customer with a new credit equivalent
7 to the total bill credit value for the generation period minus
8 the subscription fee. The net crediting agreement shall specify
9 payment terms from the electric distribution company to the
10 community energy organization. The electric distribution company
11 may charge a net crediting fee to the community energy
12 organization that may not exceed 1% of the bill credit value. A
13 nonresidential customer may subscribe to multiple community
14 energy facilities, except that no more than one of the
15 subscriptions may be under a net credit agreement with an
16 electric distribution company. The electric distribution company
17 shall continue to have the duty for billing all basic electric
18 services, including transmission, distribution and generation
19 charges, consistent in accordance with this act and regulations
20 promulgated by the commission. The electric distribution company
21 shall also continue to maintain customer services, at a minimum,
22 consistent with existing standards prior to the implementation
23 of a net crediting agreement with a community energy
24 organization in accordance with this act and regulations
25 promulgated by the commission.

26 Section 7. Duties of electric distribution companies.

27 (a) Report on bill credit.--On a monthly basis, an electric
28 distribution company shall provide to a community energy
29 organization or subscriber administrator a report in a
30 standardized electronic format indicating the total value of the

1 bill credit generated by the community energy facility in the
2 prior month, the calculation used to arrive at the total value
3 of the bill credit and the amount of the bill credit applied to
4 each subscriber.

5 (b) Application of bill credit.--An electric distribution
6 company shall apply a bill credit to a subscriber's next monthly
7 electric bill for the proportional output of a community energy
8 facility attributable to the subscriber. Excess credits on a
9 subscriber's bill shall roll over from month to month. An
10 electric distribution company shall automatically apply excess
11 credits to the final electric bill when a subscription is
12 terminated for any cause.

13 (c) Transferability.--An electric distribution company shall
14 permit the transferability and portability of subscriptions if a
15 subscriber relocates within the same electric distribution
16 company territory.

17 Section 8. Compensation and cost recovery for electric
18 distribution companies.

19 (a) Compensation.--A community energy organization shall
20 compensate an electric distribution company for the electric
21 distribution company's reasonable administrative costs of
22 interconnection of a community energy facility.

23 (b) Cost recovery.--An electric distribution company may
24 recover reasonable costs from each subscriber organization,
25 subject to approval by the commission, to administer a community
26 energy program within the electric distribution company's
27 service territory of a community energy facility. The
28 Commonwealth shall maximize Federal and State funds for energy
29 assistance, clean energy deployment or any other applicable
30 funding to minimize the cost recovery impact on each subscriber.

1 Section 9. Interconnection standards for community energy
2 facilities.

3 (a) Applications.--Beginning on the effective date of this
4 subsection, an electric distribution company shall have the
5 following duties:

6 (1) Accept interconnection applications for community
7 energy facilities on a nondiscriminatory basis and study the
8 impact of interconnecting the facilities to the grid using
9 the current commission-approved interconnection rules and
10 tariffs and in accordance with best practices.

11 (2) Include, in an interconnection application for a
12 community energy facility, proof of site control by the
13 community energy facility for the purposes of the study under
14 paragraph (1).

15 (b) Administrative fees.--The commission may impose an
16 administrative fee on an initial interconnection application for
17 community energy facilities under subsection (a). The commission
18 may impose a fee equivalent to up to 5% of the electric
19 distribution company's initial interconnection application fee.
20 The commission may use fees collected under this subsection for
21 the administrative costs directly associated with this act.

22 Section 10. Unsubscribed energy.

23 An electric distribution company shall purchase unsubscribed
24 energy from a community energy facility at the electric
25 distribution company's wholesale energy cost as determined by
26 the commission. To offset real or perceived costs, an electric
27 distribution company shall sell unsubscribed energy to
28 PJM Interconnection, L.L.C., regional transmission organization
29 (PJM) or its successor service territory markets or otherwise
30 decrease energy purchases.

1 Section 11. Customer participation in community energy
2 programs.

3 (a) Participation in programs.--The commission shall
4 promulgate permanent regulations to enable participation in
5 community energy programs by each customer class and economic
6 group in accordance with the laws of this Commonwealth within
7 365 days of the effective date of this subsection.

8 (b) Temporary regulations.--In order to facilitate the
9 prompt implementation of this section, the commission and
10 department may promulgate temporary regulations. The temporary
11 regulations shall be implemented within 180 days of the
12 effective date of this subsection and expire following the date
13 of publication of the permanent regulations under subsection (a)
14 in the Pennsylvania Bulletin. The temporary regulations shall
15 not be subject to any of the following:

16 (1) Section 612 of the act of April 9, 1929 (P.L.177,
17 No.175), known as The Administrative Code of 1929.

18 (2) Sections 201, 202, 203, 204 and 205 of the act of
19 July 31, 1968 (P.L.769, No.240), referred to as the
20 Commonwealth Documents Law.

21 (3) Sections 204(b) and 301(10) of the act of October
22 15, 1980 (P.L.950, No.164), known as the Commonwealth
23 Attorneys Act.

24 (4) The act of June 25, 1982 (P.L.633, No.181), known as
25 the Regulatory Review Act.

26 (c) Expiration.--The authority of the commission and
27 department to promulgate temporary regulations under subsection
28 (b) shall not expire until the commission promulgates the
29 permanent regulations under subsection (a).

30 (d) Contents.--The temporary regulations under subsection

(b) shall meet all of the following criteria:

(1) Be based on consideration of formal and informal input from all stakeholders.

(2) Establish requirements that ensure access to programs and equitable opportunities for participation for residential and small commercial customer classes.

(3) Establish a registration process for community energy organizations.

(4) Address the reasonable enforcement of minimum subscription requirements for a community energy facility.

(e) Low-income customers.--The commission, in collaboration with the Office of Consumer Advocate, electric distribution companies, community energy organizations and low-income stakeholders, may promulgate regulations adopting mechanisms to increase participation by low-income customers in community energy programs. The commission shall increase participation by low-income customers in community energy programs in a manner that allows the commission to use available Federal funds to do all of the following:

(1) Deliver larger guaranteed savings to income-qualified households than those households that would receive guaranteed savings without the Federal funds.

(2) Maximize State energy assistance programs.

Section 12. Location of multiple community energy facilities.

The commission shall promulgate regulations establishing limitations on the location of multiple community energy facilities in close proximity. The regulations shall meet all of the following criteria:

(1) Prohibit an entity or affiliated entity under common control from developing, owning or operating more than one

community energy facility on the same parcel or contiguous parcels of land.

(2) Authorize a brownfield community energy facility or rooftop community energy facility to be sited on contiguous parcels if the total brownfield community energy facility or rooftop community energy facility capacity on all contiguous parcels does not exceed the limits established by the commission.

Section 13. Prevailing wage and labor requirements.

(a) Prevailing wage.--A community energy facility for which a bill credit is sought and awarded to a subscriber under this act shall be deemed to meet each of the minimum requirements necessary to apply the wage and benefit rates and related certification of payroll records required under the Pennsylvania Prevailing Wage Act. A community energy organization and each of the organization's agents, contractors and subcontractors shall comply with the Pennsylvania Prevailing Wage Act as attested under section 5 for work undertaken at the community energy facility in which a bill credit for a subscriber is sought and awarded.

(b) Community energy projects.--A contractor, subcontractor or worker performing construction, reconstruction, demolition, repair or maintenance work on a community energy project funded under this act shall meet all of the following requirements:

(1) Maintains all valid licenses, registrations or certificates required by the Federal Government, the Commonwealth or a local government entity that is necessary to do business or perform applicable work.

(2) Maintains compliance with the act of June 2, 1915 (P.L.736, No.338), known as the Workers' Compensation Act,

1 the act of December 5, 1936 (2nd Sp.Sess., 1937 P.L.2897,
2 No.1), known as the Unemployment Compensation Law, and
3 bonding and liability insurance requirements as specified in
4 the contract for the energy project.

5 (3) Has not defaulted on a project, declared bankruptcy,
6 been debarred or suspended on a project by the Federal
7 Government, the Commonwealth or a local government entity
8 within the previous three years.

9 (4) Has not been convicted of a misdemeanor or felony
10 relating to the performance or operation of the business of
11 the contractor or subcontractor within the previous 10 years.

12 (5) Has completed a minimum of the United States
13 Occupational Safety and Health Administration's 10-hour
14 safety training course or similar training sufficient to
15 prepare workers for any hazards that may be encountered
16 during their work.

17 (c) Violations.--The Department of Labor and Industry shall
18 enforce this section in accordance with the laws of this
19 Commonwealth. The Department of Labor and Industry shall apply
20 the same administration and enforcement applicable under the
21 requirements of the Pennsylvania Prevailing Wage Act to ensure
22 compliance with subsection (a). In addition to enforcement
23 authorized under the Pennsylvania Prevailing Wage Act, if the
24 Department of Labor and Industry determines that the community
25 energy organization intentionally failed to pay prevailing wage
26 rates or benefit rates in violation of section 11(h) of the
27 Pennsylvania Prevailing Wage Act for work specified under
28 subsection (a), the community energy organization or the
29 organization's agents, contractors and subcontractors shall pay
30 a fine equivalent to 10% of the value of the bill credit

1 multiplied by the estimated 25-year production of the community
2 energy facility.

3 Section 14. Ratepayer protections.

4 This act shall be construed to minimize direct or indirect
5 costs related to community energy facilities to ratepayers of an
6 electric distribution company that are not subscribers. The
7 commission shall maximize benefits to all rate classes,
8 regardless of participation in a community energy program.

9 Section 15. Effective date.

10 This act shall take effect in 60 days.