

THE STATE OF ELECTRIC COMPETITION IN PENNSYLVANIA



When it comes to competition Pennsylvania gets a passing grade

SCORE BREAKDOWN

Using the competition framework methodology developed for this study, we assign Pennsylvania an **11 out of 13** in terms of competition. **Grade: B**

- Pennsylvania **does have** competition at the wholesale market level through its participation in PJM. [1]
- Pennsylvania **does have** competition at the retail level through retail choice for all customers. [2]
- Pennsylvania **does require** all-source RFPs for its capacity expansion and planning process. [3]
- Pennsylvania **does not** allow revenue decoupling or a lost revenue adjustment mechanism for public utilities. [4]
- RFPs in Pennsylvania **are required** to be managed by an independent third party. [5]
- Utilities in Pennsylvania **do not have** Performance Incentive Mechanisms (PIMs) that seek to incentivize customer-beneficial actions. [6]
- Pennsylvania **does have** a policy in place that requires utilities to release energy use data to customers or third parties. [7]
- Pennsylvania **does not** have an aggregate capacity limit for participation in compensation programs for distributed generation. [8]

HOW CAN PENNSYLVANIA IMPROVE ITS RATING?

Actions Pennsylvania could take to improve its competitiveness score within the framework of this report include allowing **decoupling of utility revenue** from sales to remove a disincentive to invest in energy efficiency and implementing PIMs to incentivize customer-beneficial actions.

This grade is assigned using the competition framework methodology developed for the report titled *The State of Electric Competition in the United States of America* which was conducted by the University of Texas in June 2021 and is available at www.competitionscorecard.org

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FAST FACTS

The electricity grid of the State of Pennsylvania is in the Eastern Interconnect. The state is located within the PJM footprint.

In 2019, Pennsylvania power plants generated about 229.0 TWh of electricity while the state consumed roughly 145.6 TWh.

The average retail rate of electricity in Pennsylvania is approximately 9.81 cents per kilowatt-hour (\$0.0981/kWh), which places Pennsylvania as number 25 out of the 50 states in terms of the cheapest electricity.

Of the 52,107.5 MW of power plant generation capacity in Pennsylvania, about 99.9% of the total capacity is owned by commercial facilities and independent power producers.

The largest private power plant operators include Exelon Nuclear (5153.4 MW), KeyCon Operating LLC (3846.2 MW), and Exelon Power (3051.8 MW).

PURPOSE

This paper aims to grade the competitiveness of electricity systems in each of the 50 US states. We generally define “competitive” to mean using more market-based mechanisms, or opening various parts of the electricity system to more players beyond the traditional monopoly single-provider model.

These grades act as an easy-to-understand marker of the state of competitiveness and will hopefully spark a meaningful policy conversation on how states can improve current competitive conditions.

While we recognize that each state is unique in its regulatory structure, electricity market fundamentals, and the real-world outcomes experienced by customers, establishing a unified framework to compare policies can help drive further discussion about the benefits of competitive markets.

REFERENCES

- [1] <https://www.epa.gov/greenpower/us-electricity-grid-markets>
- [2] <https://www.eia.gov/todayinenergy/detail.php?id=37452#>
- [3] <https://powersuite.aee.net/portal/states/RI/utilities>
- [4] <https://spotforcleanenergy.org/state/rhode-island/decoupling-and-dsm-performance-incentives/>
- [5] <https://powersuite.aee.net/portal/states/RI/utilities>
- [6] <https://spotforcleanenergy.org/state/south-carolina/decoupling-and-dsm-performance-incentives/>
- [7] <https://database.aceee.org/state/data-access>
- [8] <https://programs.dsireusa.org/system/program/detail/287/net-metering>



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