

Prepared Testimony of
Stephen M. DeFrank
Chairman, Pennsylvania Public Utility Commission
before the
House Energy Committee

June 1, 2026



Pennsylvania Public Utility Commission
400 North Street, Harrisburg, Pennsylvania 17120
Telephone: (717) 787-4301
<http://www.puc.pa.gov>

Introduction

Good morning, Chair Fiedler, Chairman Causer, and members of the House Energy Committee. My name is Stephen M. DeFrank, Chairman of the Public Utility Commission (Commission or PUC). I appreciate the opportunity to testify before the Committees today on House Bill No. 2380 (HB 2380 or the Bill).

HB 2380

HB 2380 requires the Commission to oversee and implement the administration of a statewide electric distribution company (EDC) energy storage program. The program would include 3,000 megawatts (MWs) of aggregate statewide storage to be installed on the distribution and transmission systems of EDCs with 600,000 or more customers. This ‘front-of-the-meter’ storage roll-out would include 2,000 MWs of short-duration and 1,000 MWs of long-duration assets. HB 2380 defines short-duration storage as that capable of dispatching the system’s full rated capacity for between two and ten hours. The Bill defines long-duration as that capable of dispatching the system for more than ten hours.

The Commission would be required to allocate storage targets amongst the applicable EDCs. Subsequently, the Commission would oversee competitive procurements held by each EDC and administered by a third-party independent monitor, a process similar to that currently used to procure default service power by EDCs.

In summary, HB 2380 is intended to improve system reliability and peak demand management through the suite of required EDC energy storage programs. This would be realized through reduction in system constraints, deferred replacements, and reductions in congestion during peak demand periods.

Commission Policy on Storage

On April 4, 2024, the Commission issued a Final Policy Statement Order (Policy Statement) regarding the utilization of storage resources as electric distribution assets.¹ In our Policy Statement, we determined that electricity storage technologies, namely batteries, can be used by EDCs instead of, or in addition to more traditional solutions in order to maintain or increase the reliability and resiliency of the EDC grids. The Policy Statement provides EDCs and the Commonwealth’s energy community a clear understanding on the Commission’s posture regarding storage as a distribution asset, helping to rectify any concerns about the appropriateness of these assets being used by EDCs given their unique operational characteristics.

¹ *Utilization of Storage Resources as Electric Distribution Assets*, Docket No. M-2020-3022877 (Final Policy Statement Order entered April 4, 2024); 52 Pa. Code §§ 69.1951-69.1952

The PUC determined that storage is a viable, non-wires solution that can improve reliability and resiliency through reduced congestion or system constraints. We stated that storage can be operationally justified by EDCs through the deferral of otherwise needed transmission or distribution projects at a lower total resource cost. In conclusion, the Commission encourages EDCs to consider storage assets when reasonable and prudent.

Input on HB 2380

The Commission has continually stated that an ‘all-of-the-above’ strategy is necessary for Pennsylvania to navigate the significant energy headwinds brought on by the unprecedented electricity load growth. We are encouraged by developments at the PJM Interconnection LLC (PJM) generation queue, with its announcement that 811 new generation projects totaling 220 gigawatts have applied to interconnect via PJM’s new process.² While a positive development, this news should not quell any momentum on investments to better manage the grid and burgeoning electricity demand through energy efficiency, demand side management, and non-wires alternatives such as storage.

The PUC is neutral on the Bill and offers the following input.

- MW Targets

Since the Commission finalized the Policy Statement, we have not witnessed any significant investment in ‘front-of-the-meter’ storage. PPL Electric Utilities has two batteries on its grid, Duquesne Light operated a two-year storage pilot at one facility, and UGI Electric Utilities had a battery pilot approved that never came to fruition due to cost issues. With this background, it is prudent for this Committee to consider means to spur interest and investment in energy storage as a distribution and transmission asset. However, the magnitude of targets deliberated in this Bill, 3,000 MWs, does raise concern at the Commission, as we question whether there is the potential for 3,000 MWs of ‘front-of-the-meter’ storage capacity available on the Commonwealth’s applicable EDC grids that meets the required cost-effective review parameters. Therefore, the Commission encourages the Committee to either reduce the targets to a more appropriate number of MWs, or, to require that EDCs run independent potential studies for their respective grids to calculate more objective targets.

The PUC notes that the most recent Levelized Cost of Energy Report (LCOE Report) issued by the energy consultant Lazard (LCOE Report)³ calculates storage

² *Over 800 New Generation Projects Seek to Connect under PJM’s Reformed Process*, PJM Inside Lines (April 29, 2026) available at <https://insidelines.pjm.com/over-800-new-generation-projects-seek-to-connect-under-pjms-reformed-process/>.

³ *Levelized Cost of Energy Report*, Lazard (June 2025) <https://www.lazard.com/media/5tlbhyla/lazards-lcoeplus-june-2025- vf.pdf>.

costs ranging from \$81 to \$174 per kilowatt-year (kW-year) for utility scale two-hour in-front-of-the-meter storage and \$145 to \$319 per kW-year for utility scale four-hour in-front-of-the-meter storage. Using the median of these two resource categories would result in costs of approximately \$128,000 per MW-year for two-hour in-front-of-the-meter storage and \$232,000 per MW-year for four-hour in-front-of-the-meter storage. The LCOE Report also details projected MW/hour (MWh) costs ranging from \$129-\$277 per MWh for two-hour in-front-of-the-meter storage to \$115 to \$254 per MWh for four-hour in-front-of-the-meter storage. The Commission notes the LCOE Report does not have any price calculations for ten-hour storage.

- *Confidentiality and Recourse*

HB 2380 would require EDCs to share telemetry and operations data for their distribution and transmission grids with third-party storage developers. While transparent viewership into these grids is entirely necessary for such entities to make competitive bids, the Committee should consider provisions that impress the necessity to properly handle and manage confidential grid telemetry information. Currently, the Bill does not expressly include any recourse for the mishandling, fraudulent, or illegal use of this information. The Commission asks that the Committee consider provisions that enumerate recourse or enforcement for failure to properly handle such data.

- *Cost-Effective Utilization of Storage*

HB 2380 clearly indicates the storage assets are to be used to manage peak demand. This will involve direct peak reductions for assets on the distribution grid and wholesale market dispatch or peak reductions on the transmission grid. The Commission notes that the Bill is silent as to whether assets may be used for grid services during times of stable operations. It would be beneficial for the Committee to provide clarity as to whether these storage assets could be utilized for generation, capacity, and ancillary services during such stable conditions. This clarity would help avoid potential litigation on this issue and better define the economic parameters for these investments thereby helping the Commission, EDCs, and third-party developers to assess the costs and benefits of these investments.

Conclusion

The PUC has recognized the value storage can bring to the electricity grid through our Policy Statement. We are encouraged to see the Committee taking a further step in contemplating HB 2380. As stated above, we must use every tool available to meet the energy needs of the future. With that said, we reiterate that the magnitude of the 3,000 MW mandate herein may be overly aggressive and potentially unachievable when required to meet cost-benefit tests. To that end, we ask that the Committee consider our input outlined above.

Thank you for time, and I am happy to answer any questions.