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BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Comments Of  
Pennsylvania Farm Bureau

Regarding  
Docket No. L-00050174/M-00051865  
Proposed Rulemaking Re Net Metering for Customer-generators pursuant to Section 5 of the Alternative  
Energy Portfolio Standards Act, 73 P.S. 1648.5.

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# Pennsylvania Farm Bureau

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March 17, 2006

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The Pennsylvania Public Utility Commission  
Attn: Secretary McNulty  
P.O. Box 3265  
Harrisburg, PA 17105-3265

Dear Secretary McNulty:

On behalf of the over 37,500 rural and farm family members of Pennsylvania's largest general farming organization, thank you for the opportunity to submit the following comments regarding proposed rulemaking regarding net metering for customer-generators pursuant to Section 5 of the Alternative Energy Portfolio Standards Act.

Pennsylvania Farm Bureau commends the Commission and staff for efforts made to allow benefits of renewable energy generated on the farm through net metering to be realized by the farmer and not just the utility. However, two key issues remain to be addressed for farmers to have adequate economic incentive to make the investments needed to generate energy from their operations.

First, it remains essential for all meters on a particular farm operation to be included in net metering regardless of separate rate schedules being applied to each meter, ownership of the farm, or the geographic location of those farms. The current proposal allows for physical and virtual meter aggregation defined as: "the combination of readings and billing for all meters in a particular rate class on contiguous and adjacent properties owned and operated by a customer-generator."

This application of meter aggregation does not fit the reality of a typical Pennsylvania farm operation that has adequate animal units to produce required amounts of manure for anaerobic digesters to operate efficiently. Large amounts of land are required to provide adequate feed, facilities and land to properly apply manure for this size of operation. It is rare a farmer can secure blocks of land needed on contiguous farms. Also, farmers often lease rather than own farms to help reduce investments in initial overhead costs. Therefore, it is essential that meter aggregation include all farms involved in the operation regardless of property ownership or geographic location.

The Pennsylvania Department of Agriculture recently surveyed 26 farms in the state that either have manure digester operating, under construction or in the planning stages. Out of the 21 farm operations that responded to the survey, there are 148 individual meters involved. That represents an average of seven meters per farm. There is also an average of three rate classes per farm. One farm reported 20 meters being utilized in the operation. Nineteen of the 21 farm operations have multiple farms that are not contiguous. The Department's survey confirms the need to include all meters regardless of rate classification and geographic location of the farms involved in the operation to provide adequate economic incentive for expansion of on-farm electric generation.

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Secondly, a key concern that remains to be adequately addressed is allowing for farmers to be credited for stranded cost through net metering. Such a provision will greatly increase economic incentives for farmers to invest in on-farm generation of electricity with minuscule impact on electric consumers overall.

A study completed by Dr. James Cobb, Professor Emeritus, Pittsburg University, in 2005, for the Pennsylvania Biomass Working Group, titled *Anaerobic Digesters on Dairy Farms*, indicates a potential of 50-60 biodigesters being developed on Pennsylvania dairy farms in the foreseeable future with potential of less than 10 megawatts total production. If this development were to occur in the remaining time frame for which stranded costs are being assessed to electric consumers, stranded cost credits on approximately 10 megawatts per year would need to be passed along to the state's electric consumers. The cost passed along to the average consumer would be pennies per year, since around 50,000 megawatts are consumed in the state.

A farmer participating in the PDA study gave a prime example of the huge impact these two issues have on providing economic incentive to invest in on-farm generation of electricity. The farmer has 15 different meters in three different rate classes. Without relief on the stranded cost assessment, the farmer loses \$0.0139 per kWh in returns for his generation of about 1261MWh per year. Stranded cost assessments alone reduces the return on this farmer's investment by over \$17,500 per year.

That same farmer could only reduce his electric bill by \$132 per month without further changes to the current proposal on physical and virtual meter aggregation. Savings would increase more than 10x to \$1,441 per month, if all 15 meters were included. Under the existing proposal, this farmer would still pay 66.28% of his current electric bill after making a substantial investment in an anaerobic digester. Little to no incentive in making such an investment is provide by reducing his electric costs by 33%.

Pennsylvania Farm Bureau believes the example above clearly demonstrates the need to address both the stranded cost and meter aggregation issues to meet the legislative intent of the law. We respectfully request your adoption of these changes to insure the success of this legislative initiative.

Thank you for your consideration.

Sincerely,



Carl Shaffer  
President