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December 13, 2006

BY HAND

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
Harrisburg, Pennsylvania 17120

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

**Re: Implementation of the Alternative Energy Portfolio Standards Act of 2004
Docket No.: L-00060180**

Dear Mr. McNulty:

Pursuant to the July 20, 2006 Order of the Public Utility Commission in the referenced matter, please find enclosed for filing an original and fifteen (15) copies of the Comment of Fat Spaniel Technologies, Inc. ("FST").

Copies of FST's Comments have been served upon the parties in this proceeding as evidenced by the attached Certificate of Service.

Please contact the undersigned if you have any questions.

Sincerely,



Edward G. Lanza
Counsel for FST

cc: Parties on Certificate of Service
David Kopans

INDEPENDENT REGULATORY
REVIEW COMMISSION

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PA PUBLIC UTILITY COMMISSION
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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

IN RE: IMPLEMENTATION OF THE :
ALTERNATIVE ENERGY PORTFOLIO : DOCKET NO.: L-00060180
STANDARDS ACT OF 2004 :

COMMENTS OF
FAT SPANIEL TECHNOLOGIES, INC.

I. INTRODUCTION

Pursuant to the Final Rulemaking Order of the Pennsylvania Public Utility Commission (“PUC” or “Commission”) issued on July 20, 2006 in the above-referenced proceeding, Fat Spaniel Technologies, Inc. (“FST”) respectfully submits the following comments.

II. BACKGROUND

FST is a national company that provides independent metering and data monitoring solutions specifically designed for reporting, verifying, and auditing the performance of solar, wind, fuel cell, and other distributed generation installations. FST’s management team includes engineers, accountants, database designers, software architects and renewable energy experts. FST is currently metering and monitoring over 20 MW of Distributed Generation assets in over 31 US states plus the District of Columbia and 10 countries. Based on this expertise and its experience with alternative energy portfolio standards in other jurisdictions, FST respectfully submits comments addressing metering, monitoring, and verification issues within the Commission’s

Rulemaking and the Proposed Regulations as they generally apply to small Generation Units and behind-the-meter Generation Units (Distributed Generation Systems).

III. COMMENTS OF FAT SPANIEL TECHNOLOGIES

In its July 20, 2006 Order, the Commission sought comment on a number of issues and proposed regulations. FST has an interest and significant expertise in a number of areas of concern for the Commission. However, FST will limit its comments in this proceeding to the areas of Alternative Energy Credit Certification (§75.54), the Alternative Energy Credit Program Administrator (§75.55), Alternative Energy Market Integrity (§75.60) and the Alternative Energy Credit Registry (§75.62).¹

The proper administration of an Alternative Energy Credit (AEC) system and the appropriate implementation of the Commonwealth's Alternative Energy Portfolio Standards Act (Act)² requires accurate independent metering and monitoring. While the Commission has addressed metering issues as they pertain to Net Metering in prior rulemakings and proceedings, it is important that all regulations implementing the Act covering the unique metering requirements related to Alternative Energy Credit Certification (§75.54), the Alternative Energy Credit Program Administrator (§75.55), Alternative Energy Market Integrity (§75.60) and the Alternative Energy Credit Registry (§75.62) be comprised of predictable, clear standards that provide all stakeholders with the highest possible degree of certainty and consistency in their application and engender the highest degree of faith and trust in the meter data supporting the financial underpinnings of the AEC Market and Alternative Energy Portfolio Standard compliance.

¹ The referenced sections relate to the proposed regulations at 52 Pa. Code §§ 75.51 – 75.62.

² 73 P.S. §§ 1648.1 – 1648.8 (effective February 28, 2005).

UNIQUE AEC METERING REQUIREMENTS MUST BE CLEARLY DEFINED

Although the Commission has addressed metering issues as they pertained to Net Metering in prior rulemakings and proceedings (*see, e.g.*, Docket No. L-00050174), it is important that the Commission clearly define the unique metering requirements relative to Alternative Energy Credit Certification (§75.54), the Alternative Energy Credit Program Administrator (§75.55), Alternative Energy Market Integrity (§75.60) and the Alternative Energy Credit Registry (§75.62).

In order for the Commission to obtain useful and valuable data by which to administer and modify the AEC program, it is critical to carefully and comprehensively define the metering requirements to which program participants must follow. While the Commission's Rulemaking Order on Net Metering touches on some of these requirements, it does not do so as clearly or as comprehensively as is needed relative to the unique metering needs of Alternative Energy Credit creation and Alternative Energy Portfolio Standard compliance.

Because prior rulemakings and Commission's decisions have dealt with Net Metering specifically and not metering for AEC compliance, tracking, and trading which is inherently different and requires the use of a separate dedicated AEC meter, FST respectfully submits that relevant sections of the AEC Program incorporate the following metering requirements for Distributed Generation Systems that are participating in the AEC program, to the extent that current or pending regulations do not address these issues fully:

1) Accuracy. Meters for Distributed Generation Systems of all sizes must meet appropriate “revenue quality” ANCI C12 standards with respect to the accuracy of recording kWh produced and used (i.e. margin of error).

There is precedent in this area as generators that are creating Renewable Energy Credits which are tracked by the NEPOOL Generation Information System (NE-GIS) must provide the Administrator of the GIS with meter data meeting the requirements of ISO New England Operating Procedure No. 18, which states, “All metering devices used shall conform to applicable American National Standard Institute (ANSI) C-12 standards as amended from time to time.” OP 18 at p. 12.³

2) Measurement. Meters must be bi-directional and report the Distributed Generation System’s net available / usable power (i.e. net of standby losses, transformer losses, and kWh utilized by the system for significant items like tracking systems, etc.).

FST submits this is an important policy requirement as FST has seen significant standby and transformer losses on many Distributed Generation Systems. In some cases these losses have almost exceeded total kWh production. Without installing and properly reading a bi-directional kWh meter these losses are either, a) added to a Distributed Generation System’s production, thus overstating production, or, b) not properly deducted from the Distributed Generation System’s production, thus overstating the system benefit of the Distributed Generation System. In all cases the financial underpinnings and integrity of the AEC market is undermined.

³ An electronic version of ISO New England Operating Procedures may be accessed online at: http://www.iso-ne.com/rules_proceeds/operating/isone/op18/index.html.

Modifying the Regulations as suggested promotes an AEC Certificate market where only truly useable renewable generation is rewarded for every invested ratepayer dollar dedicated to Alternative Energy Portfolio Standard compliance.

3) Independence. All kWh meters for Distributed Generation Systems must be read and the data handled by an independent third-party with no financial stake in the reported data. The standards for independence should require that the third party have no conflict of interest in the Distributed Generation System or the operations of the Distributed Generation System and that the third party's compensation for its metering service be based on factors that are not related to the capacity or output of the Distributed Generation System or the number of Alternative Energy Credit Certificates created by the Distributed Generation System.

The generation of AEC Certificates and the sale thereof creates powerful financial incentives for generation owners, manufacturers, and others to inflate kWh production data. As such, all meter reading and reporting should be handled by an independent party with no financial stake in the reported data.

Indeed, there is precedent in this area with Rhode Island's rules and regulations governing its Renewable Energy Standard stipulating the following in Section 6.8 (ii):⁴

NEPOOL GIS Certificates created by an aggregation shall be monitored and verified by a party ("Verifier") independent of the Generation Unit in the aggregation, the owner of the aggregation, the operator of the aggregation, and any other party that might create a conflict of interest in assuring accurate NEPOOL GIS Certificate creation.

Moreover, in a recent letter to the NEPOOL Markets Committee, Elia Germani, Chairman of the Rhode Island Public Utilities Commission requested changes to the NE-

⁴ An electronic version of the RI Regulations may be accessed online at: [http://www.ripuc.org/eventsactions/docket/3659-RES-FinalRules\(12-7-05\).pdf](http://www.ripuc.org/eventsactions/docket/3659-RES-FinalRules(12-7-05).pdf).

GIS system so that Rhode Island could require all data in support of all behind-the-meter NE-GIS Certificates to be directly entered into the NE-GIS by independent third-parties. The NE-GIS Operating rules were recently amended to allow such direct third-party data entry.

Modifying the Regulations as suggested promotes an Alternative Energy Portfolio Standard and AEC Certificate market where only transparent and verifiable alternative energy generation is rewarded for every invested ratepayer dollar.

4) Frequency of Data Collection and Reporting. kWh meter data shall be collected from the system and reported to the Alternative Energy Credit Registry system used to track AEC generation no less than once a month.

Modifying the Regulations as suggested reduces the chance of fraud and increases the trust and liquidity in the financial markets that underpin the AEC program.

IV. CONCLUSION

Based on the foregoing, FST respectfully submits that the Commission should consider the comments and specific recommendations herein and promulgate comprehensive regulations that address the issues addressed by FST.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "John J. Gallagher", with a long horizontal line extending to the right.

John J. Gallagher, Esq.
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Counsel for
Fat Spaniel Technologies, Inc.

Date: December 13, 2006

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

IN RE: IMPLEMENTATION OF THE
ALTERNATIVE ENERGY PORTFOLIO
STANDARDS ACT OF 2004

DOCKET NO.: L-00060180

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the participants, listed below, in accordance with the requirements of Section 1.54 of the PUC's Regulations, 52 Pa. Code § 1.54 (relating to service by a participant).

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Respectfully submitted,



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Date: December 13, 2006