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May 16, 2016

VIA HAND DELIVERY

Independent Regulatory Review Commission
333 Market Street
14th Floor
Harrisburg, PA 17101

Re: **IRRC Number 3061**
Pennsylvania Public Utility Commission Regulation No. 57-304
Implementation of the Alternative Energy Portfolio Standards Act of 2004; Docket No. L-2014-2404361

Dear Commissioners:

Duquesne Light Company ("Duquesne Light") hereby submits this letter to provide input to the above-referenced rulemaking proceeding ("Rulemaking") initiated by the Pennsylvania Public Utility Commission ("PUC" or "Commission") pending review of the Independent Regulatory Review Commission ("IRRC"). As proposed, this Rulemaking provides needed clarity and balanced limitations on alternative energy systems seeking to net meter.

This Rulemaking updates several of the Commission's Regulations that implement the Alternative Energy Portfolio Standards Act of 2004 ("AEPS") and has generated numerous stakeholder comments, over a period of approximately two years, before final IRRC consideration.

The intent of the AEPS Act is to encourage retail electric customers (customer-generators) to construct and use alternative energy systems. In an effort to encourage and incentivize the construction of these systems, the AEPS Act provides that customer-generators shall receive full-retail value for all excess generation produced on an annual basis. See 73 P.S. § 1648.5. Based on its experience, Duquesne Light believes that there is currently substantial uncertainty and a lack of uniformity regarding who can qualify for net metering. Given the significant uncertainty and the continued development of alternative energy systems within the Commonwealth, Duquesne Light believes that it is appropriate to address and resolve these concerns through revisions to the existing regulations.

As the Commission stated in its Final Rulemaking Order,

Net metering allows the customer-generator to obtain above-market prices for electricity produced by certain alternative energy resources. This benefit is subsidized by ratepayers and constitutes a transfer of wealth from the utility's general body of ratepayers to customer-generators in order to promote alternative energy resources. However, to allow *de facto* merchant generators to obtain the customer-subsidized benefits of net metering would be, in the Commission's judgment, an unreasonable interpretation of the statute and would result in unjust and unreasonable rates.

Final Rulemaking Order at 22.

Duquesne Light supports all of the proposed conditions required to qualify for net metering, and believes they will provide guidance and clarity to electric distribution companies (“EDCs”) and electric generation suppliers (“EGSs”) offering net metering, as well as customers that seek to participate in net metering.

In particular, Duquesne Light supports: (a) the condition that customer-generators eligible to participate in net metering be required to have load that is independent of the alternative energy system; (b) the condition that the alternative energy system of customer-generators eligible to participate in net metering be limited in size based on annual electric consumption; and (c) the condition that the Commission review and approve all net metering applications with a nameplate capacity of 500 kilowatts (“kW”) or greater under the timeframes set forth in the proposed regulations.

These limitations should have little, if no impact, on alternative energy systems that are appropriately sized and “used to offset part of all of the customer-generator’s requirements for electricity.” 73 P.S. § 1648.2. What these limitations will prevent, however, are oversized systems that go well beyond offsetting a customer’s electricity requirements and instead become a source of income that is subsidized by other ratepayers.

Alternative energy systems that go beyond the proposed 200% limitation or do not meet the independent load requirement (or both) are still able to receive value for excess generation produced from the alternative energy system. They are simply able to do so in the wholesale electric market, rather than on the backs of EDC ratepayers. Accordingly, Duquesne Light believes that these limitations will not only act to protect consumers but also will neither prohibit nor discourage customer generators from building larger alternative energy systems going forward.

Duquesne Light has supported and continues to support the AEPS Act as well as its goals and appreciates the Commission’s proposal to, among other things, adopt regulations with appropriate limitations necessary to balance the needs of alternative energy system owners and EDC ratepayers, thus keeping our energy prices competitive and the future of alternative energy system development alive and well in the Commonwealth.

Duquesne Light appreciates the opportunity to comment on this Rulemaking, and urges to you to approve this Rulemaking as submitted. Thank you for your consideration.

Sincerely,



Shelby A. Linton-Keddie
Manager, State Regulatory Affairs
And Senior Legal Counsel

cc: Chairman Gladys Brown
Vice Chairman Andrew Place
Commissioner Robert Powelson
Commissioner John Coleman