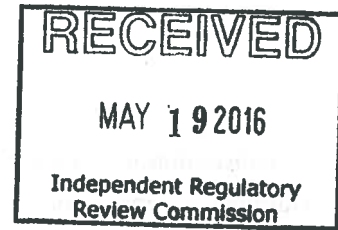


3061



**Testimony of Robert C. Altenburg,
Director, PennFuture Energy Center
Before the Independent Regulatory Review Commission
May 19, 2016**

Good morning Chairman Bedwick and members of the Commission.

My name is Robert Altenburg and I'm the director of the Energy Center at Citizens for Pennsylvania's Future (PennFuture). We are a statewide non-profit environmental advocacy organization focusing on land, air, water, and energy issues that impact Pennsylvania. I'm here today to urge the IRRC to disapprove of the new restrictions on net metering recently finalized by the Public Utility Commission (PUC).

In 2015, we saw record growth in the solar industry nationwide and 2016 may exceed that record.¹ Pennsylvania could be a leader in this industry, but unfortunately, growth here continues to lag surrounding states. Instead of promoting growth, the PUC has finalized unnecessary and confusing new regulations that include measures beyond the authority of the PUC to promulgate.

The PUC lacks the authority to promulgate the additional restrictions on net metering

Our courts have held that "if the intent of the legislature is clear, effect must be given to the legislature's unambiguously expressed intent."² In this case, the legislative mandate is unambiguous. The Alternative Energy Portfolio Standards Act of 2004 ("AEPS Act") requires that "customer generators shall receive full retail value for all energy produced on an annual basis."³ The act also defines "customer generator" very precisely to include residential distributed generation systems of up to 50 kilowatts ("kW") or commercial systems of either 3 or 5 megawatts ("MW").⁴

¹ SEIA, GTM Research, *U.S. Solar Market Insight Report* (Mar. 2016).

² *Popowsky v. PA PUC*, 71 A.3d 1112, 1117 (Pa. Cmwlth. 2013).

³ 73 P.S. § 1648.5

⁴ 73 P.S. § 1648.2

high, it's "imperative" that the PUC controls other costs that it is unable or unwilling to quantify.

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This argument is misleading in a number of ways. Is \$164 million high? It is about 1 percent of 2014 retail sales, but it only considers gross expenditures—it ignores the benefits.¹³ The very next paragraph in the report the PUC cites says **"AEPS has resulted in sustaining and creating thousands of jobs and business ventures associated with all aspects of renewable and alternative energy generation."** It also says that in 2014 we had over 13,000 people working in the renewable energy industry and over 37,000 in energy efficiency. In addition to jobs, renewable generation reduces wholesale prices and brings health and environmental benefits. Where are these benefits in the PUC's calculation?

The PUC's only discussion of actual costs associated with net metering is based on "information obtained from EDCs" where it claims that, in one service territory, "\$8.6 million was paid to just 10 large customer-generators...with some rates in excess of 11¢/kWh,"¹⁴ and suggests this represents "an approximate 40% premium." The question to ask is "compared to what?" Under the AEPS Act, the best customer generators can do is to offset their next month's bill at the retail rate, which averaged about 9.73¢/kWh for commercial customers. Truly excess generation is paid for at the end of the year at the even lower price-to-compare which reflects only the costs of generation and transmission. In such cases, EDCs not only receive what amounts to an interest-free loan, they often end up spending much less than the market price for the power at the time it was generated and used.

The PUC hasn't documented the need for this regulation, and this creates a huge obstacle for effective public participation. Unless a problem is clearly explained, how are we expected to provide constructive criticism or propose alternatives?

Conclusion

We agree with PUC Vice-Chairman Andrew Place that what the PUC should do—in fact what the legislation requires—is to determine the **full retail value** of the energy provided by customer generators and ensure that is what the customer generators receive. Because this regulation makes no attempt to do that, we ask the members of the Commission to vote to disapprove.

¹² The money paid to customer generators is not included in the *AEPS Annual Reports* cited by the PUC as a source of data in Block 28 of the RAF.

¹³ RAF block 10 *See Also, AEPS Annual Report, at 15.*

¹⁴ RAF Block 10.

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Independent Regulatory Review Commission Public Meeting – May 19, 2016

Testimony Of ~~_____~~

**Ron Celentano
Pennsylvania Solar Energy Industries Association (PASEIA)**

Regarding

**Pennsylvania Public Utility Commission's Final Rulemaking Order Revising
Regulations Implementing the Alternative Portfolio Standards Act of 2004**

PUC Regulation No. 57304
PUC Docket No. L20142404361
IRRC No. 3061



**Pennsylvania Solar Energy Industries Association (PASEIA)
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solar is now the fastest growing renewable energy resource with over 20 GW of accumulated capacity installed. The annual growth of solar is increasing in many states, yet it has been nearly stagnant in Pennsylvania over the last 3 or 4 years, ranking 24th in the nation in 2015. Some of our neighboring states are installing far more solar PV in a couple of weeks than what is being installed in Pennsylvania in an entire year.

The main reason for the slow market growth in Pennsylvania is because of our open state border policy, as part of the AEPS. Unlike any other states with a solar share requirement, Pennsylvania allows SRECs to be sold into the AEPS compliance market from solar projects in any of PJM's 12 other states and the District of Columbia. Most recently, there has been an unprecedented supply of out-of-state solar projects registered to sell their SRECs into Pennsylvania, which has resulted in the SREC prices to collapse to a near record low of \$11/SREC since mid-March, 2016, as compared to \$280/SREC in New Jersey. Currently, 72% of all the solar capacity registered in the AEPS comes from solar projects installed outside of Pennsylvania. As a result of this massive out-of-state oversupply, the total combined solar PV capacity registered in the AEPS has already far exceeded the final 0.5% solar requirement for 2021 – five years ahead of schedule.

We certainly don't need more barriers to further flatten solar development in Pennsylvania. Yet, that is exactly what the PUC's final rules create – new restrictions with fabricated system size limitations, newly added potential fees, and new restrictions for not allowing interconnections to take place where there are no existing electric loads.

I discussed with several solar contractors about the issue of the potential net metering fee that the PUC has authorized themselves to implement, if they so desire, or to allow the EDCs to include in their rate cases. The solar contractors are very concerned about this, because now

George D. Bedwick
Chairman
Independent Regulatory Review Commission
333 Market Street, 14th Floor
Harrisburg, PA 17101

May 19, 2016

Re: ID Number 57-304
PUC Docket No. L-2014-2404361

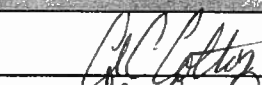


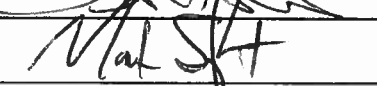

Dear Chairman Bedwick,




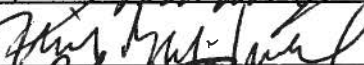



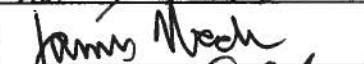





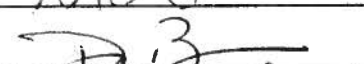
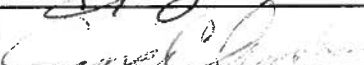



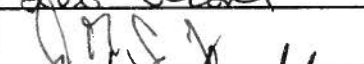

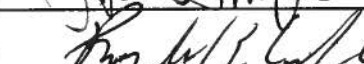

We, the undersigned solar energy professionals, advocates, and concerned citizens urge the Independent Regulatory Review Commission to disapprove the Public Utility Commission's (PUC's) new regulations restricting net metering in Pennsylvania.

In enacting the Alternative Energy Portfolio Standards (AEPS) into law, the Legislature intended to encourage installation of more clean renewable energy in Pennsylvania. Not only is this good for public health and the environment, but it also brings jobs to the state with over 13,000 people working in the renewable energy industry and over 37,000 in energy efficiency.

Instead of encouraging this growth, the PUC is restricting it. The PUC is now attempting to exceed its statutory authority and introduce confusing and unworkable standards that will harm small businesses and ratepayers. As a result, while other states are showing record increases in renewable generation, the industry here in Pennsylvania is lagging behind. Please vote to disapprove of this regulation.

Sincerely,

Signature	Name	Affiliation
	A.C. Cotton	Energy Conscious LLC
	Stephen Simpson	Energy Conscious LLC
	MARK J. CONNOLLY	Renewable Energy Group
	Philip Theis	PennSun Solar
	Mark Szybist	NROC

Signature	Name	Affiliation
	ROGER E. CLARK	REINVESTMENT FUND
	MATT WALKER	CLEAN AIR COUNCIL
	WJ Burnett Jr	Clean Energy Corp
	Micah Gold Markel	Solar States
	Chris Flynn	Sunvestment
	Mike Drei	Sunvestment Group
	Michael P. Manlove, P.E.	Manlove Engineering LLC
	James Noden	Bright Eye Solar LLC
	James Atkins	AMP Solar Group
	Andrew Meserme	Tangent Energy Solutions
	Joe Merino	EIS Solar
	Dylan Kautz	KC Green Energy
	Mark Bartman	Exact Solar
	Dara Britman	Exact Solar
	George Chorba	Gettysburg State Solar
	Michael Matetek	Open Sky Energy
	Douglas L. Berg	Solar Renewable Energy
	Leo Ciccone	Geoenergy LLC
	George Mc Geary	Eureka Solar
	Ian Smith	EIS Solar
	Ron Celenzano	PASEA/CES
	MARC MONDOR	evolve LLC.