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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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Implementation of the Alternative Energy :
Portfolio Standards Act of 2004 : Docket No. L-2014-2404361
:

COMMENTS OF SUSTAINABLE ENERGY FUND

The Sustainable Energy Fund (“SEF”) files the following Comments in response to the Public Utility Commission’s (“Commission”) February 20, 2014 Proposed Rulemaking Order (“Order”) at the above-captioned docket.

I. INTRODUCTION

The Alternative Energy Portfolio Standards Act (“AEPS”), which establishes an alternative energy portfolio for Pennsylvania, Act 213 of 2004, became effective February 28, 2005. Act 35 of 2007 and Act 129 of 2008 amended the AEPS. The fundamental intent of the AEPS Act and its amendments is to effectively facilitate the purchase of energy generated by alternative energy systems by electric utilities and provide for the expansion and increased use of alternative energy systems.

II. COMMENTS

SEF supports the legislative intent of the AEPS and the subsequent amendments, which support broad access to alternative energy systems. More specifically, SEF supports the proposed rules where they support broad access to

alternative energy systems but oppose rules that have the practical impact of restricting or limiting the purchase of energy by electric utilities. In this regard, SEF supports the Commission's addition of a definition for aggregator, the revised definitions for low-impact hydropower and biomass facilities, clarification that it has the authority to order Default Service Providers ("DSPs") including Electric Generation Suppliers ("EGSs") to offer net metering, clarification that requires customer-generators to have an independent electric load, revision to customer-generator compensation in Section 75.13(e), modification of the compliance year from the current June 1 through May 31 period to the proposed May 1 through April 30 period, and clarification that the capacity limit should be based on system capacity and not the capacity of any single component of the system.

However, SEF opposes the Commission's net metering condition that requires that alternative energy systems be sized to generate no more than 110% of the customer-generator's annual electric consumption to qualify for net metering, the addition of a Commission review of systems equal to or greater than 500 kilowatts, revision of Section 75.13(k) which creates a venue for EDCs to charge net metering customers who do not utilize virtual net metering, and discontinuing the use of estimates for solar photovoltaic systems less than 15 kilowatts.

Additionally, SEF recommends that the Commission establish a working group to examine the costs and benefits of alternative energy resources to the Commonwealth of Pennsylvania.

III. Net Metering Conditions

A. SEF opposes the Commission's imposing unwarranted restrictions on system size that are contrary to the legislative intent of the AEPS Act and the statutory definition of customer-generator. The intent of Act 213 of 2004 clearly states in the preamble that its purpose is to require the purchase of electricity generated by renewable and environmentally preferable resources by EDCs:

Providing for the sale of electric energy generated from renewable and environmentally beneficial sources, for the acquisition of electric energy generated from renewable and environmentally beneficial sources by electric distribution and supply companies and for the power and duties of the Pennsylvania Public Utility Commission.¹

Similarly, the limitations imposed on system size are unambiguous in the definition of customer-generator:

Customer-generator. A nonutility owner or operator of a net metered distributed generation system with a nameplate capacity of not greater than 50 kilowatts if installed at a residential service or not larger than 3,000 kilowatts at other service locations...²

¹ Act 213 of Nov. 30, 2004

² §75.1 Definitions.

Although SEF understands the Commission's intent in the proposed rule is to discourage merchant generators from receiving excessive retail subsidies, the AEPS and subsequent amendments simply do not provide for an arbitrary limitation on system size other than that already delineated in the definition of customer-generator. In addition, the Act does not provide a definition for or the contemplation of excessive retail subsidies as a limitation to system capacity. Moreover, if excessive retail subsidies could even be considered when limiting system size, the study performed by Clean Power Research clearly shows the benefits of Solar Photovoltaic generation in the Commonwealth exceed the Retail Rate³.

Further, the practical implication of the Commission's arbitrary 110% limitation on annual production to qualify for net metering would limit a 1,000 kWh a month residential ratepayer to a system capacity of approximately 11 kilowatts or 20% of the maximum size put forth by the legislature.

³ The Value of Distributed Solar Electric Generation to New Jersey and Pennsylvania, R. Perez et. al. November 2012. <http://mseia.net/site/wp-content/uploads/2012/05/MSEIA-Final-Benefits-of-Solar-Report-2012-11-01.pdf>

Station Identification		Results			
City:	Allentown	Month	Solar Radiation (kWh/m ² /day)	AC Energy (kWh)	Energy Value (\$)
State:	Pennsylvania				
Latitude:	40.65° N	1	3.22	881	84.58
Longitude:	75.43° W	2	3.85	944	90.62
Elevation:	117 m	3	4.71	1242	119.23
PV System Specifications		4	5.24	1287	123.55
DC Rating:	11.0 kW	5	5.24	1258	120.77
DC to AC Derate Factor:	0.770	6	5.25	1200	115.20
AC Rating:	8.5 kW	7	5.57	1296	124.42
Array Type:	Fixed Tilt	8	5.23	1219	117.02
Array Tilt:	40.7°	9	4.85	1130	108.48
Array Azimuth:	180.0°	10	4.37	1091	104.74
Energy Specifications		11	2.93	730	70.08
Cost of Electricity:	9.6 ¢/kWh	12	2.81	750	72.00
		Year	4.44	13027	1250.59

Table produced by PV Watts on July 25, 2014. PV Watts is maintained by the National Renewable Laboratory.

B.SEF opposes the addition of a Commission review of systems equal to or greater than 500 kilowatts because it would create a barrier to market for systems larger than 500 kilowatts. EDCs have employees and attorneys who are well versed in the Commission's requirements and processes, while the average commercial ratepayer is not as fortunate. Consequently, the proposed rule would only serve to

place commercial ratepayers at a distinct disadvantage. If it is the Commission's desire to ensure equal application of net metering rules throughout the Commonwealth, the Commission could achieve its goal by requiring that net metering tariff language be consistent for all EDCs. Requiring consistent tariff language would assist in the effort to educate EDCs on net metering requirements and help to effectively enforce the regulations when EDCs fail to comply with net metering rules. This result provides the benefits discussed above without burdening ratepayers with additional regulations.

C.SEf opposes the revision to Section 75.13(k) because it could create a venue for EDCs to charge net metering customers who do not utilize virtual net metering.

The language proposed by the Commission is overly broad and could be interpreted to include charging all net metering customers a fee:

An EDC or DSP may not charge a customer-generator a fee or other type of charge unless the fee or charge would apply to other customers that are not customer-generators, or is specifically authorized under this chapter or by order of the Commission. The EDC and DSP may not require additional equipment or insurance or impose any other requirement unless the additional equipment, insurance or other requirement is specifically authorized under this chapter or by order of the Commission.⁴

Instead, SEf proposes the following modification to Section 75.13(k) to make it clear that any additional charge would only apply to customer generators that utilize virtual net metering and only to cover reasonable administrative costs:

⁴ Proposed Rulemaking Order at Docket No. L-2014-2404361, Annex A, p.9. Public Meeting date February 20, 2014.

An EDC or DSP may not charge a customer-generator a fee or other type of charge unless the fee or charge would apply to other customers that are not customer-generators. An *EDC or DSP may charge a virtual net metering customer a fee commensurate with reasonable administrative costs, if it is specifically authorized by order of the Commission.* The EDC and DSP may not require additional equipment or insurance or impose any other requirement unless the additional equipment, insurance or other requirement is specifically authorized under this chapter or by order of the Commission.

IV. Small Photovoltaic Systems

SEF opposes the Commission's proposed rule to discontinue the use of estimates for solar photovoltaic systems less than 15 kilowatts. It is true that the capital cost to install small photovoltaic systems has declined and the capital cost to install a revenue grade meter would only marginally increase the cost of a small solar system. However, even though the cost of these meters are marginal, SEFs is concerned that these meters will be provided by EDCs and subsequently be subject to a monthly customer charge. If the customer's monthly charge is only \$15 per month, over the 25 year life of a solar photovoltaic system these charges would equal approximately 4 years of energy value from the 11 kilowatt system referenced earlier in these comments.