



Docket No. I-2011-2237952

April 4, 2012

**Joint comments on behalf of the Solar Energy Industries Association
and the Pennsylvania Solar Energy Industries Association
in the Investigation of Pennsylvania's Retail Electricity Market**

Dear Commissioners,

The Solar Energy Industries Association (SEIA) and the Pennsylvania Solar Energy Industries Association (PASEIA) appreciates the opportunity to comment on the Pennsylvania Public Utility Commission's (Commission) Retail Markets Investigation En Banc Hearing held on March 21, 2012.

SEIA is the national trade association of the United States solar industry. Through advocacy and education, SEIA and its 1,100 member companies work to make solar energy a mainstream and significant energy source by expanding markets, removing market barriers, strengthening the industry and educating the public on the benefits of solar energy. Through its state committees, SEIA works with its member companies and state legislators and regulators and other stakeholders to promote cost effective and successful solar energy policies.

PASEIA represents over 80 solar businesses working in Pennsylvania and is a division of Mid-Atlantic Solar Energy Industries Association (MSEIA). MSEIA is a not-for-profit trade association of companies and businesses working in New Jersey, Pennsylvania and Delaware involved in the development, manufacturing, design, construction and installation of solar photovoltaic (PV) and solar thermal systems. Through an Affiliate Agreement, MSEIA is a local chapter of SEIA; SEIA and MSEIA are wholly separate and distinct entities.

SEIA and PASEIA support the testimony of PennFuture given on March 21, 2012 regarding the importance of long-term contracts for meeting the goals of the AEPS. Long-term contracting for Solar Renewable Energy Credits (SRECs) is critical for meeting the AEPS in the least cost possible and for providing orderly market development. Without long-term contracts, the volatility inherent in a commodity market such as those for SRECs will cause extreme volatility and damaging business cycles. On September 16, 2010, the Commission recognized the importance of long-



term contracts for the development of solar projects in its final policy statement – Docket No M20092140263).

SEIA and PASEIA further support PennFuture’s testimony regarding concerns regarding the impact of the three proposed models on the availability of long-term SRECs in Pennsylvania. Electric generation suppliers (EGSs) are generally disinclined to contract for SRECs beyond the term of their load obligation, thus leading to little to no availability of long-term contracts for SRECs. *Cf. Retail Energy Supply Association, NJBPU Solar Transition Process, Solar Summit Discussion Document, September 15, 2012 at 1. (RESA opposition to any scheme that requires TSPs to enter in to long term SREC contracts, as the market for TSPs is based on short term supply contracting and takes advantage of real-time price signals.)*)

To date, Electric Distribution Companies (EDCs) have had responsibility for meeting their portion of the AEPS requirements and, as mentioned above, the Commission has encouraged EDCs to enter in to long-term contracts for SRECs. If the default service is removed from the EDCs and placed on EGSs, as in three models that have been proposed, the entire AEPS requirement will fall on entities that are disinclined to enter in to long-term contracts for SRECs.

SEIA and PASEIA support PennFuture’s testimony that a prudent path would be to continue to have the EDCs as the entity that enters in to long-term SREC contracts. Further, SEIA supports the testimony of First Energy regarding the continued role of EDCs entering in to long-term contracts for SRECs as a viable method for ensuring that long-term contracts remain in the marketplace should the Commission decide to place electric generation suppliers in the role of default service provider.

SEIA and PASEIA strongly urges the Commission require the EDCs to enter in to long-term contracts for at least 50% of the AEPS.

Alternately, SEIA and PASEIA support a plan to transfer responsibility for achieving the AEPS to the EDCs. In this way, the Commission can ensure that long term SREC contracts retain their role as an enabler of continued economic development and least cost SREC procurement for the rate payers of Pennsylvania.

SEIA and PASEIA also strongly supports the comments of PennFuture regarding the criticality of net metering for the development of solar projects and urges the Commission to use its authority to require that all EGS suppliers offer full net metering benefits.



Thank you again for this opportunity to identify challenges, concerns, and possible solutions on the implementation of EGSs as the default service provider. We look forward to continuing to work with the Commissioner and other stakeholders to develop a strong solar industry in Pennsylvania.

Sincerely,

A handwritten signature in black ink, appearing to read "Katie Bolcar", followed by a horizontal line extending to the right.

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A handwritten signature in black ink, appearing to read "Ronald E. Celentano".

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