

energy. The price of solar projects, and by extension the SRECs they produce, is based exclusively on the cost of a near-term capital project. The advantages of limiting contract length are therefore not obvious, while the disadvantages of placing onto a solar project's pro forma a significant revenue stream that has no known value after two to three years are illustrated below. It would not be in keeping with least cost procurement practices to purchase solar for a short period of time such as two to three years.

LIKELY SREC PRICES (in bold)

	CONTRACT	TERM (yrs.)		
1-3	5	10	15	20
\$810	\$665	\$505	\$440	\$405

* Assumes a risk discount rate of 70% for uncontracted SRECS

§69.1805 Electric generation supply procurement

PV Now appreciates the commission's recognition that long term contracts may be necessary and required for DSP's compliance with alternative energy requirements. As PV Now has stated in many related filings, without long term contracts for solar credits, solar will not be cost effective and may trigger a force majeure event, an outcome which clearly flies against the intent of having a separate solar share in the legislation.

69.1805 (2), The customer groupings and the proposed contract term constraints outlined in this section are problematic if a clear distinction between energy and AEPS procurement is not made. In 69.1805 (2), for non residential customers with 25-50 kW in maximum registered peak load, the Commission proposes "fixed-term contracts should be one year in length and may be laddered to minimize risk..." and in 69.1805 (3) "non-residential customers with greater than 500 kW in maximum registered peak load" there is a proposal to make available hourly priced or monthly prices services. This approach, including the prescriptive tranches, may be appropriate for procurement of POLR load but not for purchasing solar RECs.

It is expected to be common practice under the AEPS for potential solar energy system purchasers to rely on long term solar REC revenues to help finance the cost of installing solar energy systems. These potential solar system purchasers (industrial, commercial and residential) will not be able to get favorable solar financing if they are limited to one year fixed contracts, or in the case of customers with greater than 500kW load, to hourly or monthly prices. (in fact, it would be effectively logistically impossible for the small projects expected to constitute a significant portion of Pennsylvania's credit supply to participate in any such market at all, further limiting supply and driving up prices.) It is one position for the Commission to make that option available to these customers, but it is another to apply this to renewable energy such as solar procurement.

The Commission should make it clear that this section does not preclude DSP's from entering into long term contracts for solar attributes. Otherwise prices will skyrocket, resulting in market instability and likely invocation of force majeure provisions. One year fixed rate contracts will put these customers at a distinct disadvantage to purchase credits at rates competitive with long term contract rates.

PV Now recommends that section be changed to allow for long term contracts for the purposes of procuring lower prices RECS to meet the AEPS requirements to make it consistent with the next section in this Order which allows for long term contracts to meet the AEPS.

§ 69.1806. Alternative energy portfolio standard compliance.

PV Now recommends that the Policy Statement be amended to provide greater assurance to purchasers of solar RECs that they can expect to recover the costs of solar RECs purchased under long term contracts of 15 years or longer under reasonable terms. Without this assurance it is likely that there will be considerable resistance to enter into long term solar REC contracts, notwithstanding that such long term contracts of 15 years or more provide the most cost effective approach to procurement of solar RECs.

§69.1807 Competitive bid solicitation processes

PV Now recommends that separate solicitation processes be adopted for the procurement of POLR load and for the procurement of AEPS solar RECs. While there will be many common elements, there are some areas where the solicitation process for solar RECs under the AEPS should be different, e.g.

- Any solicitation process for solar RECs should provide the flexibility to allow for solicitation and reasonable cost recovery for long term (15 years or longer) solar REC supply contracts.
- The solicitation of solar RECs should not be structured based on customer classes.

PV Now has previously files comments in the AEPS proceeding on the specific recommendations for solicitation of solar RECs.

PV Now has learned valuable lessons by participating in the New Jersey and Colorado solar markets that leads us to recommend a statewide procurement process as the best mechanism to ensure all ratepayers have equal access to a statewide framework of standard prices and contract terms. There are several reasons for a single statewide process:

- With individual projects potentially eligible under several simultaneous RFPs from differing utilities, it is difficult to predict which auctions or other procurement processes to bid a project into, without knowing if a bid in another eligible service territory has been accepted.
- Given differential pricing across various utility territories, if the competitive bidding process is not statewide, it is likely that a majority of the projects will be built in one or two service territories instead of across the state.

- Multiple competitive bidding approaches are a recipe for inequitable administration, lead to an insecure market environment for industry and financial markets and are a challenge for the Commission to oversee.
- Suppliers of solar energy could number in the thousands. Only a single, unified process can provide the clarity and simplicity required to serve such a large number of providers without undue administrative burden. The standardized contracts and qualified bidders used in any such process would also reduce administrative overhead costs.
- The Commission's burden of tracking many different procurement processes for solar would similarly be reduced, and the competitive bid would result in a prevailing market price for solar supply.
- This approach would also serve to encourage businesses to aggregate small customers, greatly increasing efficiency. Therefore, we recommend the Commission directly administer, (or contract for the administration of,) a single competitive bid process with standard rules and prices.

§69. 1812-Information and data access

PV Now supports the recommendation for transparent access to retail customer information and data, data that is critically important to analyze the effectiveness of AEPS policies.

§69.1817 Retail Choice Ombudsman

PV Now supports the policy recommendations in this section and asks to be notified when the Retail Markets Working Group convenes.

Respectfully Submitted,

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On behalf of PV Now, ASPv, and MSEIA.