

March 23, 2010

James McNulty, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor  
Harrisburg, PA 17102

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MAR 23 2010

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

**RE: Proposed Policy Statement on Pennsylvania Solar Projects  
Docket No. M-2009-2140263**

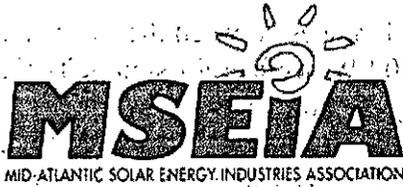
Dear Secretary McNulty,

Please find the enclosed original and 15 copies of the Reply Comments of Pennsylvania Solar Energy Industries Association (PASEIA) and the Mid-Atlantic Solar Energy Industries Association (MSEIA) regarding the Proposed Policy Statement on Pennsylvania Solar Projects.

Thank you.

Sincerely,

Ron Celentano  
*PASEIA's President*  
*MSEIA's V.P. for Pennsylvania*



**Before the Pennsylvania Public Utility Commission**

**Proposed Policy Statement on Pennsylvania Solar Projects**

**REPLY COMMENTS FROM THE PENNSYLVANIA SOLAR ENERGY INDUSTRIES ASSOCIATION (PASEIA)  
AND THE MID-ATLANTIC SOLAR ENERGY INDUSTRIES ASSOCIATION (MSEIA)**

**Docket No. M-2009-2140263**

Via Overnight Mail  
March 23, 2010

Submitted by: *Ron Celentano, PASEIA's President & MSEIA's V.P. for Pennsylvania*  
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**Introduction**

Pennsylvania Solar Energy Industries Association (PASEIA) and the Mid-Atlantic Solar Energy Industries Association (MSEIA) submitted comments with regard to the Public Utility Commission's *Proposed Policy Statement on Pennsylvania Solar Projects*, as did many other parties. PASEIA/MSEIA wishes to respond to several of the comments submitted by others, particularly with regard to small solar generators.

**Section: 69.2902. Definitions**

Comments submitted by several parties recommended redefining solar system size categories. The Sustainable Energy Fund (SEF) recommends creating three size categories, Small Scale up to 15 kW, Medium Scale between 15 kW and 300 kW, and Large Scale greater than 300 kW. Mid-Atlantic Renewable Energy Fund (MAREA) supported SEF's comments, particularly with what they defined as the Micro-Scale size of up to 15 kW. PPL Companies wanted the small and large scale sized systems to be defined at 500 kW rather than the 200 kW proposed by the PUC.

In the proposed Policy Statement the PUC also recognized the very small scale category of 15 kW or less, but not as a third category.

Although PASEIA/MSEIA agrees that there are differences between the solar system size groups of 15 kW or less, and those between 15 kW and 200 kW, we feel for simplicity that these can be bundled together to represent the small scale solar generator category. We disagree with both SEF and PPL Companies that the large scale solar generators should be 300 kW and 500 kW, respectively. There are already too many solar system size categories as it is now.

Interconnection levels have categories ranging from 10 kW and 2 MW; net metering has ranges from 50 kW for residential to 2 MW for large scale system along with 5 MW for emergency micro-grid configured systems; the AEPS legislation has a 15 kW limit for PV systems to the threshold level that meters are required; and finally the PA Sunshine Program ranges between 10 kW for residential rebates and 200 kW for small commercial sized system rebates.

Redefining small and large sized solar generators with new numeric capacities for this Policy Statement is unnecessary and adds another layer.

#### **Section 69.2903 (b)(2)(iv). RFPs to establish SREC values recoverable as a reasonable expense.**

##### **Allocation of Small Scale Solar Generators**

SEF's comments essentially recommend apportioning 5% to small systems SRECs requirements and 7.5% for medium scale. PASEIA/MSEIA opposes fixed carve out based on system size and believes the market conditions will allow for competitive procurement options among market participants as long as there is a commitment to procurement strategies that promote all sizes of solar system development as envisioned by the Commission's Policy Statement. In addition, the plan outlined by SEF does not allow for adequate participation by small system developers. The PA Sunshine Program alone will account for about 75 MW of installed solar PV capacity of systems 200 kW or less, probably by end of 2012. That aggregated solar PV capacity, along with existing and other new projects not funded by the Sunshine program, will far exceed the solar share requirement of about 80 MW at that time. Under the SEF proposal, only 12.5% of the small scale market would be eligible to sell their SRECs into the PA compliance market leaving much of the small generator SRECs stranded. Customers would not be able to count on SRECs income to help finance their systems which would negatively impact the ability to develop small scale projects.

#### **Section 69.2904 (a) – Standardized Contracts**

PASEIA/MSEIA agrees with First Energy's recommendation that the PUC oversee the RFP process for SRECs for multiple EDCs on a statewide basis. OSBA also commented that the Commission should consider a statewide procurement process for SRECs; requiring SRECs to be purchased in a single statewide procurement (rather than purchased by each individual EDC) would offer a potential opportunity for EDCs to get SRECS at reasonable prices, and would assure uniform rules for large-scale solar projects, small-scale solar projects, and solar aggregators. However, PASEIA/MSEIA doesn't agree that the rules for the small-scale solar projects and the solar aggregators should be as complex, costly and onerous as they would be for the large scale systems.

## **Section 69.2904(b) – Contracts with Solar Aggregators**

PASEIA/MSEIA very much appreciates that OCA recognizes the benefits for allowing the small solar generator be part of the procurement strategy to meet the solar share requirement. We strongly agree with OCA's comments that supports small scale solar aggregation. OCA states:

“The Policy Statement provides support important support for small solar projects, including the encouragement of aggregation, the use of bilateral contracts for small projects, and the use of standardized contracts for such projects. The OCA is particularly supportive of efforts to enable aggregation of small solar systems. Aggregation provides an easy and accessible means for small customers to obtain the financial support of the sale of AECs when considering the costs and benefits of installing a system. Aggregations should also allow for a reduction in risk related to small project AECs as the aggregator can diversify its portfolio of resources through aggregation of different size projects, projects over a wide geographic area or projects using differing technologies.”

## **Section 69.2904. Contracts for the purchase of SRECs by EDCs**

### *(e) Stakeholder working group*

There was widespread support for the commission to convene a Stakeholder Working Group for the small solar generator. However, it seems this group should address more than the framework for SRECs contracts for small system generators. ; The Group could address other solar issues under the Commission's purview, many of which are raised through this comment process First Energy and PPL Companies are concerned that their SREC requirements in future years will likely drop below what they have contracted for in previous years due to customers dropping their default suppliers and choosing a new electric generation supplier (EGS). Under this circumstance, utilities want the option to sell surplus SRECs to EGSs, but could have to sell them at a lower cost than the original contracts. Under this scenario, the EDCs would expect to receive cost recovery for any “over supply” sold at a lower value then in the original contracts. This may be reasonable as long as any “over supply” sold above contract terms is credited back to ratepayers. The first option should be to have the EDC demonstrate why banking excess SRECS to be used for the next compliance cycle is not a better course of action.

## **Conclusion**

MSEIA/PASEIA appreciates the significant efforts taken by the Commission to identify and recognize the barriers to promoting solar projects, particularly for small solar generators. We look forward to establishing a Stakeholders Solar Working Group to work through the barriers for small scale solar generators, while minimizing the cost to the ratepayer.

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**Ron Celentano. Vice President-PA for MSEIA, President, PASEIA**  
3/23/2010



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