

**PENNSYLVANIA PUBLIC UTILITY COMMISSION
HARRISBURG, PENNSYLVANIA 17105**

RE: NET METERING

**Public Meeting June 30, 2011
2249441-CMR**

**MOTION OF
CHAIRMAN ROBERT F. POWELSON**

With the passage of the Alternative Energy Portfolio Standards Act of 2004 (“AEPS Act”), this Commonwealth embarked on a policy of promoting renewable generation sources. In my time on the Commission, I have been steadfastly committed to making the AEPS Act work and promoting reasonable alternative energy policies.

I believe that it should be the policy of the Commission to support access to alternative energy systems to as broad an array of consumers as possible. I know from personal experience that consumers often may need to make a significant initial capital outlay in order to install an alternative energy facility at their residence or small business, and that this is an impediment to many consumers wishing to install such systems. It has come to my attention that a business model exists whereby an alternative energy system developer will install a system while maintaining ownership and performing the maintenance and operations functions of the system. The electricity generated is then sold to the consumer through a power purchase agreement. Proponents of this business model are concerned, however, that the AEPS Act and the Commission’s corresponding Regulations could be interpreted to prohibit such a facility from net metering.

To prevent prejudice to consumers wanting to take advantage of this business model, I propose that it be the policy of the Commission to allow alternative energy systems installed using the business model described above to net meter. Specifically, for purposes of net metering, it should be the policy of the Commission that the term “operator”¹ shall be interpreted as including customer-generators with distributed alternative energy systems that contract with a third party to perform the operational functions of that system. This interpretation should only be applied to alternative energy systems installed on property owned or leased by the customer-generator and designed to generate no more than 110% of the customer-generator’s prior year electric consumption and the nameplate capacity of the system does not exceed the size limits defined in the AEPS Act.²

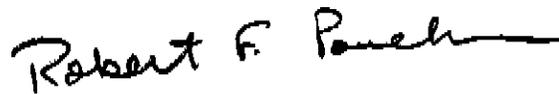
¹ As found in the definition of “customer-generator” at 73 P.S. § 1648.2.

² As stated in the definition of “customer-generator” at 73 P.S. § 1648.2.

The system size limitation of 110% of a customer-generator's prior year electric consumption is being proposed to prevent the installation of oversized alternative energy systems that are more accurately described as merchant generation posing as customer-generators. I believe that not allowing merchant generation to net meter is reasonable and consistent with the intent of the AEPS Act. The definition of net metering contained in the AEPS Act makes it clear that the intent of net metering is to provide electric utility customers with a reasonable means to offset their electric consumption without having to install expensive and potentially hazardous electric storage devices. I do not believe the AEPS Act intended net metering as an avenue for merchant generators to circumvent the wholesale electric market in an attempt to avoid Federal Energy Regulatory Commission jurisdiction. Furthermore, I do not believe it was the intent of the AEPS Act to provide retail rate subsidies³ to merchant generation facilities at retail customer expense that may result in cross-class subsidization.

THEREFORE, I move that:

1. The Law Bureau prepare a Tentative Opinion and Order consistent with this Motion requesting Comments from interested parties.



Dated: June 30, 2011

Robert F. Powelson
Chairman

³ I note that this policy will not restrict otherwise qualifying alternative energy systems from selling the alternative energy credits they generate.