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Gary A. Jack
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September 9, 2011

VIA E-FILING

Ms. Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building, 2nd Floor
400 North Street
Harrisburg, PA 17120

Re: Net Metering – Use of Third Party Operators
Docket No. M-2011-2249441

Dear Secretary Chiavetta:

Enclosed for filing are Duquesne Light Company's Comments in the above-referenced proceeding.

If you have any questions, please do not hesitate to contact me.

Sincerely yours,



Gary A. Jack

cc: Scott Gebhardt (via email)
Kriss Brown (via email)

interpretation 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 electric consumption. Tentative Order at 4-5.

Duquesne Light Company ("Duquesne" or "Company") submits the following comments in response to the Tentative Order.

II. General Comments

Duquesne does not have a preference on who installs, owns and maintains an alternative energy source located on customer property as long as all applicable codes and regulations are followed (such as the National Electrical Safety Code and any wiring approvals). Accordingly, Duquesne does not have an objection with the Commission's proposed policy that would include "operators" as customer-generators with distributed alternative energy systems that contract with a third-party to perform the operational functions of that system. Tentative Order at 4.

The Commission needs to be apprised of the recent growth in net metering activity. In Duquesne's territory, it had 36 customer generators for the annual reporting period ending May 31, 2010. In the reporting period ending May 31, 2011, Duquesne had 96 customer generators. This threefold increase in customer generators, while not large in absolute numbers, concerns Duquesne because of the trend and the cost shifting associated with the rise in customer generators. See Attachment 1 (DLC's reports from 2010 and 2011). Under the current net metering policy, customer generators reduce their electricity bills by offsetting the value of their excess generation produced by receiving a credit at the full retail rate. This provides a distribution and transmission credit to those customers even though the facilities are built and maintained to provide their full power requirements when the customer generator is not operating. Those costs are then paid (or are subsidized) by other EDC customers. With more

customer-generators being built and connecting to the distribution system, more transmission and distribution costs of net metering customers will be shifted to non-net metering customers to be paid. The Commission needs to consider permitting the credit only for supply and not for the entire retail rate.

Although not directly related to the subject policy under review, Duquesne is finding that several of its net metering customers are switching to an electric generation supplier (“EGS”) without realizing that many EGS do not offer a net metering program for the supply portion of the bill. We are working with EGSs to make sure this is explained to their new customers and trying to educate our new and existing net metering customers on this matter. We currently send a list to the EGSs of net metering customers for identification purposes. But since the major residential EGSs in the Duquesne territory (and perhaps all EGS) do not offer net metering benefits, most of the net metering customers switch back to POLR service.

III. Specific Comments

a. System Size Limitation

The Tentative Order proposes a system size limitation of 110% of a customer-generator’s prior year electricity consumption to prevent the installation of oversized alternative energy systems that are more accurately described as merchant generation posing as customer-generators. Tentative Order at 5. Duquesne supports that approach and believes it would need to monitor the customer account, from time to time, to enforce the recommended limit. The policy should direct that the benefits of net metering will only extend up to the 110% consumption limit to assist in enforcement.

b. Virtual Metering

The Commission states that the AEPS Act permits virtual net metering on properties owned or leased and operated by a customer-generator and located within two miles of the boundaries of the customer-generator's property and within a single electric distribution company's service territory. Tentative Order at 2, citing 73 P.S. §1648.2. Given the AEPS Act's permission for virtual net metering, Duquesne requests that the Commission direct that each customer must be individually metered and have individual accounts in the homeowner's name, as opposed to the electric accounts being placed in the name of the third-party alternative energy provider. Individual meters and accounts for each homeowner will avoid the possibility of blending individual accounts and comply with the Company's requirement that individual sites should be individually metered. See Duquesne Light Company's Electric Retail Tariff at 29, 34.

c. Relationship between EDC and Third Party Alternative Energy Provider

Duquesne believes that it would not have a contractual relationship with the third party alternative energy provider and believes that the Commission should make clear that customer generator system is the responsibility of the customer vis-à-vis Duquesne. The electric account must continue to be between the EDC and the customer, not between the EDC and third party alternative energy provider.

d. Costs to Non-Net Metering Customers

Overall, Duquesne is supportive of alternative energy systems. However, their rapid growth, under the current regulatory scheme, lead to costs that are borne by other customers. Such cost shifting will escalate each year, and the issue should be addressed. Duquesne respectfully recommends that the Commission review the net metering requirements to eliminate the inequity that exists between net metering customers and other EDC customers.

IV. Conclusion

Duquesne supports the Commission's proposed policy to interpret "operator" to include third parties performing the operational functions of alternative energy systems. The systems are on the customer side of the meter, and as such, should not be governed by the utility. Duquesne supports the size limitation of 110% of the prior year's bill when the alternative energy system is installed. As indicated above, Duquesne believes that the customer should remain liable on the electric accounts and for the generator equipment. Finally, the Commission should reconsider the crediting of self generation using only the generation portion since crediting at the full retail rate creates a cost shifting to other customers. Duquesne Light Company thanks the Commission for the opportunity to comment on this matter.

Respectfully Submitted,

Duquesne Light Company

Handwritten signature of Gary A. Jack in cursive script, with the initials "(KG)" written in the upper right corner of the signature.

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Counsel for Duquesne Light Company

Date: September 9, 2011

ATTACHMENT 1

**Pennsylvania Public Utility Commission
Annual Net Metering/Interconnection Report
Reporting Period: June 1, 2009 Year to May 31, Year 2010**

EDC Name: Duquesne Light Company
 Contact Person: Vern Edwards
 Title: Supervisor, Regulatory Compliance
 E-mail: vedwards@duqlight.com
 Phone: 412-393-3662
 Fax: 412-393-5687

Instructions:

All EDCs, even those with no active customer-generators or interconnection customers, must complete and return the form. If there are no customer-generators or interconnection requests for the reporting period, please enter "0" in the "Total" column. (52 Pa. Code §75.13(g))

Part I. Net Metering

	Resource			Total
	Tier I	Tier II	Solar/PV	
a. Number of Customer Generators	36		26	36
b. Estimated Generation Capacity in kW	112.01		93.11	112.01

Part II. Interconnection

	Name-Plate Level			Total
	Level I	Level II	Level III	
a. Total Number of Interconnection Requests Received	28	2		30
b. Total Number of Interconnection Requests Moved to Another Level	0			0
c. Total Number of Interconnection Requests Denied	0			0
d. Mean Number of Days Required to Complete Interconnection Request Approvals	2.2			2.2
e. Mean Number of Days Required to Complete Interconnection Request Denials	0			0
f. Total Number of Interconnection Requests Not Processed Timely	0			0

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Part I. Net Metering

	Resource		
	Tier I	Tier II	Solar/PV
a. Number of Customer Generators	96		79
b. Estimated Generation Capacity in kW	783.90		661.89
			Total
			96
			783.90

Part II. Interconnection

	Name-Plate Level		
	Level I	Level II	Level III/IV
a. Total Number of Interconnection Requests Received	60	10	70
b. Total Number of Interconnection Requests Moved to Another Level	0	0	0
c. Total Number of Interconnection Requests Denied	0	0	0
d. Mean Number of Days Required to Complete Interconnection Request Approvals	3.07	4	3.2
e. Mean Number of Days Required to Complete Interconnection Request Denials	0	0	0
f. Total Number of Interconnection Requests Not Processed Timely	0	0	0