

September 12, 2011

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Keystone Building
400 North Street
PO Box 3265
Harrisburg, PA 17105-3265

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RE: Docket No. M-2011-2249441 - Tentative Order: Net Metering - Use of Third Party Operators

Dear Secretary Chiavetta:

Please find enclosed one (1) original and (3) copies of **Comments of the Vote Solar Initiative** on the Public Utility Commission's Tentative Order on Net Metering - Use of Third Party Operators in Docket No. M-2011-2249441. If you should have any questions regarding these comments, please contact me at the address below.

Sincerely,



Peter A. Olmsted
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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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Tentative Order
Net Metering – Use of Third Party Operators

Docket No. M-2011-2249441

COMMENTS OF THE VOTE SOLAR INITIATIVE

In response to the Pennsylvania Public Utility Commission's (Commission) Tentative Order, adopted June 30, 2011 and entered July 28, 2011 in Docket No. M-2011-2249441, the Vote Solar Initiative (Vote Solar) hereby submits comments regarding third party operation of net metering facilities.

Vote Solar is a non-profit, public benefit, Internal Revenue Code Section 501(c)(3) organization established in 2001. With over 50,000 members throughout the United States, including approximately 3,000 in Pennsylvania, Vote Solar aims to address energy and environmental issues by bringing solar energy to the mainstream. Working with its partners to address barriers to solar development, Vote Solar focuses on advancing effective and balanced programs and policies that spur growth in solar markets and broaden participation in the solar energy economy.

Over the past decade, Vote Solar has worked in numerous states to help establish sustainable and long-term solar markets with opportunities for diverse market participants and customers. Recognizing the surge of activity surrounding solar development in the mid-Atlantic, Vote Solar has recently established offices in Pennsylvania in order to better support the policies and programs that foster solar energy opportunities.

Vote Solar appreciates the Commission's Tentative Order, and further appreciates the Commission's policy to support access to alternative energy systems to a broad customer base. As the Commission correctly identifies, a business model exists that provides an alternative option to customers wishing to purchase an alternative energy system to help offset their electricity demands. Although the costs of alternative energy technologies, most notably solar photovoltaics, continue to rapidly decline¹, third-party ownership models such as those described in the Tentative Order offer a viable option for customers who are unable or prefer not to make an initial capital expense for these energy systems.

As Vote Solar understands the Tentative Order, there are concerns from stakeholders that Pennsylvania's Alternative Energy Portfolio Standards Act of 2004 (AEPS Act) and Commission regulations could prohibit alternative energy systems under a third-party ownership arrangement from net metering. Vote Solar greatly appreciates the Commission's attention to this concern, and fully supports the Commission's proposal to interpret the term "operator"² to include "customer-generators with distributed alternative energy systems that contract with a third-party to perform the operational functions of the system."³ By adopting this interpretation, the Commission will ensure that net metering remains available to a broad customer base, a principle consistent with the Commission's support of alternative energy opportunities.

¹ Tracking the Sun III – The Installed Cost of Photovoltaics in the U.S. from 1998-2009. December 2010. Lawrence Berkeley National Laboratory. Available from <http://eetd.lbl.gov/ea/ems/reports/lbnl-4121e.pdf>

² 73 P.S. § 1648.2

³ Commission's Tentative Order, pp. 4

The Commission's Tentative Order also includes a proposal that would limit net metering eligibility to alternative energy systems designed to generate no more than 110% of a customer-generator's annual electricity consumption and sized in accordance with the limitations on nameplate capacity as defined in the AEPS Act. Currently, net metering is defined as "[t]he means of measuring the difference between the electricity supplied by an electric utility and the electricity generated by a customer-generator when any portion of the electricity generated by the alternative energy generating system *is used to offset part or all of the customer-generator's requirements for electricity.*"⁴ (emphasis added) Although Vote Solar submits that the emphasized portion of the net metering definition is adequate for determining eligibility for net metering, it could be reasonably argued that a customer-generator could oversize an alternative energy system while only using a portion of the generated electricity for the purposes of net metering electricity requirements. Vote Solar, therefore, does not oppose the Commission's proposal to limit net metering eligibility to alternative energy systems designed to generate no more than 110% of a customer-generator's annual electricity consumption.

Vote Solar does, however, urge the Commission to consider the implications of this proposal in instances where a customer-generator's prior usage is not available. For instance, it is plausible that such instances could arise in the case of new construction or renovations. Vote Solar therefore suggests that further guidelines be established to assist in the proper sizing of alternative energy systems in regards to net metering. The State of Delaware, for example, stipulates that "[f]or

⁴ 73 P.S. § 1648.2.

new building construction or in instances where less than two previous 12 month periods of actual usage is available, electrical consumption will be estimated at 110% of the consumption of units of similar size and characteristics at the time of installation of energy generating.”⁵ Providing guidelines in instances lacking information on prior usage would help ensure that the Commission’s 110% proposal is as effective as possible in its application.

As a general matter, Vote Solar commends the Commission for remaining attentive to issues that arise in regards to net metering. Without exception, significant deployment of distributed alternative energy systems occurs only in states with strong net metering programs. Distributed alternative energy systems that utilize net metering can result in a host of benefits including: avoided costs from avoided energy purchases, avoided generation capacity or resource adequacy, avoided line losses, avoided transmission and distribution capacity, avoided environmental compliance and avoided ancillary services to name a few. As of 2010, 43 states, Washington D.C. and Puerto Rico have implemented net metering programs of varying quality. As acknowledged in *Freeing the Grid*, an annual report that Vote Solar collaborates on that analyzes best practices in state net metering policies and interconnection procedures, Pennsylvania was one of fifteen states to receive an “A” for its net metering policy and ranked 5th overall in 2010.⁶

Although Pennsylvania has established some important foundations for strong net metering policy, Vote Solar encourages to Commission to continue its

⁵ CDR § 26-3000-3001-8.6.2

⁶ *Freeing the Grid – Best Practices in State Net Metering Policies and Interconnection Procedures*. December 2010. Network for New Energy Choices. pp. 75 & 104
Available from <http://www.newenergychoices.org/uploads/FreeingTheGrid2010.pdf>

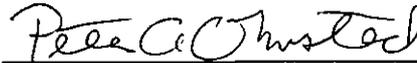
diligence in addressing issues that challenge the net metering opportunities available to Pennsylvania customers. Vote Solar looks forward to working with the Commission and other stakeholders to ensure that Pennsylvania's net metering program is designed to accommodate the growing interest in alternative energy systems.

Vote Solar thanks the Commission for the opportunity to comment upon its Tentative Order and appreciates its consideration.

Respectfully submitted this September 12, 2011.

The Vote Solar Initiative

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