



OVERNIGHT EXPRESS MAIL DELIVERED

September 12, 2011

Commonwealth of Pennsylvania
Secretary's Bureau
Pennsylvania Public Utility Commission
400 North Street
Keystone Building
2nd Floor, Room-N201
Harrisburg, PA 17120

RECEIVED

SEP 12 2011

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

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

Dear Secretary Rosemary Chiavetta:

Please find the enclosed original and three (3) copies of the Pennsylvania Solar Energy Industry Association (PASEIA) and Mid-Atlantic Solar Energy Association's (MSEIA) comments on the Commission Tentative Order: Net Metering – Use of Third Party Operators.

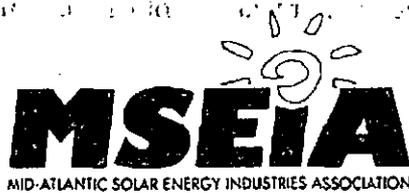
Please do not hesitate to contact me should you have any questions.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Ron Celentano", written over a white background.

Ron Celentano
PASEIA's President
MSEIA's V.P. for Pennsylvania
7621 Flourtown Ave.
Wyndmoor, PA 19038
215-856-9958
CelentanoR@aol.com

Enclosures



Before the Pennsylvania Public Utility Commission

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Net Metering – Use of Third Party Operators
Dockets No. M-2011-2249441

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

Overnight Express Mail Delivered
September 12, 2011

Submitted by: Ron Celentano, PASEIA's President & MSEIA's V.P. for Pennsylvania
7821 Flourtown Ave.
Wyndmoor, Pa. 19038
215-836-9958
CelentanoR@aol.com

Introduction

Pennsylvania Solar Energy Industries Association (PASEIA) and the Mid-Atlantic Solar Energy Industries Association (MSEIA) appreciate the opportunity to submit comments on the *Tentative Order on Net Metering – Use of Third Party Operators*, which seeks to clarify existing net metering regulation language, as well as introduce additional regulation regarding on-site generating capacity.

MSEIA is a not-for-profit trade association of companies and businesses working in New Jersey, Pennsylvania and Delaware involved in the development, manufacturing, design, construction and installation of solar photovoltaic (PV) and solar thermal systems. MSEIA is the local chapter of the national Solar Energy Industries Association (SEIA), which has nearly 1,000 members, including solar equipment manufacturers, installation companies, financing companies, and electric utilities. PASEIA, a division of MSEIA, has a Pennsylvania focus and currently represents over 80 solar businesses. We have organized our comments to address the Tentative

Order, followed by seeking the commission's clarification regarding other parts of the net metering regulations.

A. Tentative Order

1. Use of Third Party Operators

We applaud the Commission for their initiative to clarify the role of a customer-generator to include a third party operator whereas previously there was uncertainty as to whether these arrangements were permissible. Under the commission's Tentative Order, the entity operating the on-site alternative energy system can fully participate in net metering and take advantage of financing options such as power purchase agreement (PPA) or leasing contracts with system hosts. This action greatly expands the business options for installing behind the meter solar systems on both commercial and residential sites.

2. 110% Cap on Nameplate Capacity

The Commission is proposing to regulate the maximum nameplate capacity of the alternative energy system eligible for net metering. The concern expressed is that very large developers will significantly oversize an alternative energy system capacity thereby, potentially generating and exporting more electricity than needed at the interconnected site on an annual basis. Under this scenario, the developer/system owner would essentially sell all the excess electricity to the EDC at the Price-to-Compare value. Although it is unlikely that oversizing a system would be economically attractive to the developer/system owner, it could provide a means for these generators to bypass requirements for qualifying as licensed electric supplier.

MSEIA/PASEIA could support the proposal 110 percent rule in the Tentative Order if the following points are adopted:

- **The change should apply only to commercial systems of over 200 kW. Residential systems should be excluded from this change since residential systems are already limited to 50 kW and there are other protections against oversizing systems found in the National Electric Code; in Pennsylvania's interconnections regulations; and through the**

fact that monetary value of surplus generation is significantly undervalued compared to the net metered rate for offsetting existing electric usage.

- In regard to **virtual net metering or physical meter aggregation**, it is essential that the 110% nameplate capacity limitation is based on the *aggregate* annual electric usage of all accounts under this application. It is highly likely that the annual electric usage for the specific interconnected primary account will be much less than the annual generation produced from the system.
- Existing net metered alternative energy systems generating over 110% of the electric usage should be grandfathered.
- A methodology for determining nameplate capacity of an alternative energy system for new construction facility could be addressed through the PUC's Solar Working Group Net Metering Committee. MSEIA/PASEIA would like to assist the commission in crafting a discussion document for consideration.

B. Additional Comments and Recommendations

1. Maintain Pennsylvania's Current Net Metering Law and Regulations

MSEIA/PASEIA would like to emphasize how important net metering billing is for alternative energy systems, particularly solar PV systems. Almost every state in the country has some form of net metering, with Pennsylvania ranking in the top five. With virtually all the statewide grant money committed along with the upcoming expiration of the Federal Section 1603 Treasury Grant Program by the end of 2011 combined with the low value of solar renewable energy credit (SREC) in the state, net metering's role in supporting solar development is even greater now than in past years. There are now almost 5,000 solar PV systems installed in Pennsylvania with the total capacity of over 110MW. Thus far, net metering has served as the most stable and predictable mechanism for accurately calculating the financial case for solar.

However, the EDCs, particularly PECO, is beginning to challenge the value of net metering, arguing that rate payers without solar PV systems are paying too high of a price based on the current net metering rules. The intent would be to diminish the value of net metering by changing the annual net metering calculation to monthly which would mean no generation surplus would be credited monthly and carried over into the following month. This would greatly decrease net metering's intended benefits and do away with the key incentive to virtually net metering which was expressed included in legislation. PECO's position was stated in a House GOP Policy Committee meeting held on August 22, 2011, entitled "Impact of State-Mandated Energy Program". Romulo Diaz, V.P. of Governmental and External Affairs for PECO Energy, asked that the legislature to reduce the current solar PV capacity limit and to eliminate virtual net metering (refer to http://www.pagoppolicy.com/Display/SiteFiles/112/Hearings/08_22_2011/diaz.pdf for the full testimony). The virtual net metering legislative language was included at the request of Pennsylvania farmers with anaerobic digesters too large for any one of their grid-connected metered accounts. Virtual net metering was a means for crediting the surplus generation to their other accounts, as long as it met the current regulations which called for all accounts to be held under the same name, and all secondary accounts must be within a 2 mile radius of the grid connected system. Farmers and others have also found this to be a benefit for installing solar as well. MSEIA/PASEIA recommends no change to virtual net metering.

2. EGSs and Net Metering

MSEIA/PASEIA supports a stronger compliance for electric generation suppliers (EGS) with current net metering laws and regulations, just as is required by the EDCs. Since EGSs need to comply with the Act #213 (AEPS); they should be compelled to comply with the associated commission approved related AEPS rules, such as net metering. One example of this uneven treatment between compliance requirements for EDCs and EGSs in this area is solar PV system. customer-generators are essentially penalized for choosing an electric generation supplier because they will not receive retail value for their exported energy; therefore, they have no choice but to stay with their default supplier in order to help finance their investment. This does not foster a fully competitive environment. As EGSs acquire more of the electricity load, having consistent standards for compliance with EDCs practices is even more important. It is our understanding that the current law allows EGSs to offer net metering, and some have, but

approaches are inconsistent and not up to what is required of the EDCs. Other deregulated states with net metering and renewable portfolio standards (RPS) such as New Jersey, require EGSs to comply with net metering obligations.

3. Virtual Net Metering

As mentioned above in *A. Tentative Order, 2. 110% Cap on Nameplate Capacity*, regarding virtual net metering or physical meter aggregation, it is essential that the 110% nameplate capacity limitation is based on the aggregate annual electric usage of all accounts under this application.

With regard to having an electric load at the point of interconnection, MSEIA/PASEIA acknowledges that there should be some minimum electric load at the point of interconnection for a virtual net metering application. When directly interconnecting an alternative energy system at the distribution line without a load at the same interconnection point, it is considered a grid supplied system, even though there might be other accounts included as part a virtual net metering application. We suggest there is a minimum load equal to at least 2% of what the proposed alternative energy system can produce annually. Otherwise, a method for estimating the minimum electric load at the point of interconnection could be determined by the current PUC Solar Working Group's Net Metering Committee.

Regardless of any modifications made on the detailed criteria for virtual net metering applications, it is essential that all previously approved virtual net metering applications are grandfathered in as is.

4. Billing

Below are several concerns we have regarding net metering billing:

- **Estimated Meter Readings:** Net metering billing should not be based on estimated meter readings; it should always be based on actual meter readings. It is extremely difficult to accurately estimate incoming grid energy and exported energy for an on-site grid-tied generation system, particularly for time-of-use and real time pricing rate structures. Estimating these meter readings greatly complicates the electric bill, making it extremely difficult to follow and verify, along with driving up the administration cost for continuously adjusting/correcting the bill during other months.

• **Full Retail Value:** The definition for full retail value net metering needs to be clarified. It is essential that electric distribution companies are interpreting “full retail value” in the same way as it was intended in the regulations. Exported solar generation should be credited at full retail (monetary) value based on the current electric rate at the time of generation, such as is applied with a time-of-use or real time pricing rate, etc.

• **More Transparency on the Bills:** Solar generation surplus needs to be clearly shown on the electric bill as both kWh and monetary credit, which should be carried over into the following month’s bill. In addition, if a customer is sent a surplus generation check, there should be accompanying information explaining how the calculation for the check was arrived at and what period of time it covers. For example, PPL customers currently receive a check with no explanation whatsoever, not even that it is for their solar production.

In addition, MSEIA/PASEIA has heard that the EDCs may charge added administration fees for certain net metering billing efforts. If that is the case, it is essential that these fees are transparent and the details of how they came about are disclosed.

• **Annual Reconciliation:** Annual reconciliation should be based on the full year of meter readings, not based on the meter reading in May, the last month in the reporting year. Currently, it appears that EDCs are using the compliance date instead and then using the Price-to-Compare rate for any surplus in the last month. However, a surplus in May definitely does not equate to an annual surplus. A customer-generator may have a small solar PV system compared to their electric usage, but may show a surplus in only the month of May—but, it is highly unlikely the system will produce an annual generation surplus. In order for the EDC to properly reconcile, or “true-up” the annual net metered amount, they only need to subtract the prior June meter readings from the current May meter readings. This is a simple task and will yield the proper customer credit.

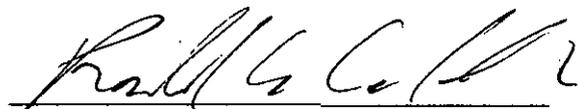
5. Net Metering Tariff / Net Meter Installation

Currently there is no timeline requirement for initiating the net metering tariff for a given customer generator, or for the EDC to install the proper net metering device(s) at the site. This is particularly true following the electrical inspection approval and the EDC's sign-off of the Certificate of Completion form. Many customers have experienced many weeks of delay before the EDC executed one or both of these final steps. A timeline requirement needs to be defined. MSEIA/PASEIA recommends ten days to complete these steps but this could also be a topic for the Solar Working Group on Net Metering.

In conclusion, all too often the tangible benefits of solar system technology are overlooked when analyzing cost impacts. In a recent white paper titled, "*Solar Power Generation: Too Expensive or a Bargain?*" (Refer to: <http://www.asrc.cestm.albany.edu/perez/2011/solval.pdf>) the authors conservatively conclude that although the levelized cost for installing solar PV systems over its lifetime ranges from 20-30 cents/kWh, the benefits to the utilities, all ratepayers and taxpayers, and generally to society range from 15-41 cents/kWh using data from the state of New York. Some of the benefits or values delivered come from transmission energy and capacity savings, distribution energy and capacity savings, fuel price mitigation, grid security enhancements, and improved environmental/health impacts to name a few.

Solar energy is undoubtedly an extremely important resource that will benefit everyone, and is vital that it grows as part of the mix of future energy sources. Watering down any of Pennsylvania's current net metering laws or regulations is clearly a big step backwards and should be prevented at all costs.

MSEIA/PASEIA appreciates the opportunity to submit comments on the Commission's *Tentative Order : Net Metering – Use of Third Party Operators*.



Ron Celentano. Vice President-PA for MSEIA, President, PASEIA

9/12/2011

RECEIVED

SEP 12 2011

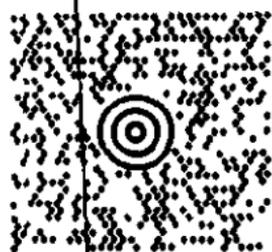
PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Page 7

RON CELENTANO
(215) 856-9958
7621 FLOURTOWN AVE
WYNDMOOR PA 19038

1 LBS 1 OF 1
SHP WT: 1 LBS
DATE: 12 SEP 2011

SHIP PA PUBLIC UTILITY COMMISSION
TO: (717) 772-7777
COMMONWEALTH OF PENNSYLVANIA
2ND FLOOR ROOM N201, KEYSTONE BUILDING
400 NORTH ST
HARRISBURG PA 17120-0200

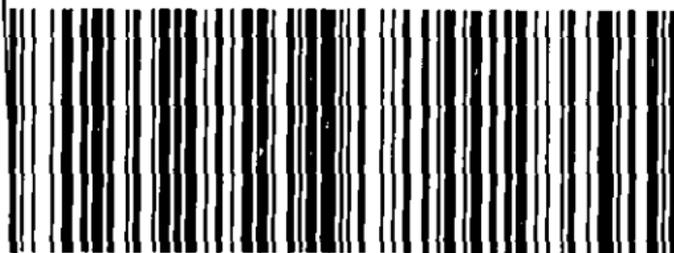


PA 171 9-20



UPS GROUND

TRACKING #: 1Z R54 W63 03 1915 2134



BILLING: P/P

ISH 13.00N E2844 18.5V 07/2011



SEE NOTICE ON REVERSE regarding UPS terms, and notice of limitation of liability. Where allowed by law, shipper authorizes UPS to act as forwarding agent for export control and customs purposes. If exported from the US, shipper certifies that the commodity, technology or software were exported from the US in accordance with the Export Administration Regulations. Diversion contrary to law is prohibited.