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May 29, 2015

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
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Commonwealth Keystone Building
400 North Street, 2nd Floor North
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Re: Implementation of the Alternative Energy Portfolio Standards Act of 2004
Docket No. L-2014-2404361

Dear Secretary Chiavetta:

Enclosed for filing please find the Comments of PPL Electric Utilities Corporation in the above-referenced proceeding. Copies will be provided as indicated on the Certificate of Service.

Respectfully submitted,

Christopher T. Wright

CTW/jl
Enclosures

cc: Certificate of Service

CERTIFICATE OF SERVICE
(Docket No. L-2014-2404361)

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

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Date: May 29, 2015


Christopher T. Wright

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Implementation of the Alternative Energy : Docket No. L-2014-2404361
Portfolio Standards Act of 2004 :

**COMMENTS OF
PPL ELECTRIC UTILITIES CORPORATION**

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

I. INTRODUCTION

By Order entered April 23, 2015, the Public Utility Commission (“Commission”) requested comments on the Advance Notice of Final Rulemaking Order (“*Final Rulemaking Order*”) amending Chapter 75 of the Commission’s regulations, 52 Pa. Code §§ 75.1, *et seq.*, to further comply with the Alternative Energy Portfolio Standards Act of 2004 (“AEPS Act”), 73 P.S. §§ 1648.1 – 1648.8 and 66 Pa.C.S. § 2814. The *Final Rulemaking Order* was published in the *Pennsylvania Bulletin* on May 9, 2015. *See* 45 Pa.B. 2242. Comments to the *Final Rulemaking Order* are to be filed within 20 days from the date of publication in the *Pennsylvania Bulletin*, *i.e.*, on or before May 29, 2015. Consistent with the *Final Rulemaking Order*, PPL Electric Utilities Corporation (“PPL Electric”) herein submits these Comments for the Commission’s consideration.

The AEPS Act includes, among other things, two key mandates: greater reliance on alternative energy sources in serving Pennsylvania’s retail electric customers, and the opportunity for customer-generators to interconnect and net meter small alternative energy systems. The Pennsylvania General Assembly charged the Commission with implementing and enforcing these mandates, with the assistance of the Pennsylvania Department of Environmental

Protection. 73 P.S. §§ 1648.7(a) and (b). Consistent with the requirements of the AEPS Act, the Commission adopted portfolio standard, interconnection, and net metering regulations in 2008. *See Final Rulemaking Order*, pp. 2-3.

The Commission issued a Notice of Proposed Rulemaking for comment on February 20, 2014. *See Implementation of the Alternative Energy Portfolio Standards Act of 2004*, Proposed Rulemaking Order, Docket No. L-2014-2404361 (Order entered February 20, 2014) (“*Proposed Rulemaking Order*”). The *Proposed Rulemaking Order* and proposed rules were published in the *Pennsylvania Bulletin* on July 5, 2014, at 44 Pa.B. 4179. Comments were received from the Independent Regulatory Review Commission and many other interested parties, including PPL Electric.

Following review of all the comments to the *Proposed Rulemaking Order*, the Commission revised the proposed AEPS regulations and issued *Final Rulemaking Order* to receive additional comments on the revisions. The stated purpose of the *Final Rulemaking Order* is to update the existing portfolio standards, interconnection, and net metering rules to provide guidance and clarify certain issues of law, administrative procedure, and policy in accordance with the intent of the AEPS Act. *See Final Rulemaking Order*, p. 1.

PPL Electric is a “public utility” and an “electric distribution company” (“EDC”) as those terms are defined under the Public Utility Code, 66 Pa.C.S. §§ 102 and 2803, subject to the regulatory jurisdiction of the Commission. PPL Electric furnishes electric distribution, transmission, and provider of last resort electric supply services to approximately 1.4 million customers throughout its certificated service territory, which includes all or portions of twenty-nine counties and encompasses approximately 10,000 square miles in eastern and central Pennsylvania.

PPL Electric is and has been an active supporter of alternative energy within the Commonwealth. To date, PPL Electric has approximately 3,535 net metering customers and 97 virtual net metering customers on its system. Based on its experience, PPL Electric believes that there is substantial uncertainty and lack of uniformity regarding who can qualify for net metering.¹ Many developers of alternative energy systems have tried to substantially expand the definition of customer-generator in a way that is completely at odds with the AEPS Act and the policies underpinning the Act. This erroneous reading of the AEPS Act should be rejected. Simply stated, and as explained more fully below, merchant generators are not customer-generators and should not be considered customer-generators for a variety of important policy reasons. Given the significant uncertainty surrounding these issues and the continued development of alternative energy systems within the Commonwealth, PPL Electric believes that now is the appropriate time to address and resolve these concerns through a statewide proceeding.

PPL Electric applauds the Commission's continued efforts to provide greater guidance and clarity to the implementation of the AEPS Act. PPL Electric appreciates the opportunity to provide additional comments to the *Final Rulemaking Order*. PPL Electric believes that its familiarity and experience with the Commission's existing regulatory framework regarding portfolio standards, interconnection, and net metering will provide the Commission with a valuable perspective on the proposed regulations.

¹ See, e.g., *Larry Moyer v. PPL Electric Utilities Corporation*, Pa. PUC Docket No. C-2011-2273645 (disputing whether a virtual net metering customer must have load that is independent of the alternative energy system); *Petition of PPL Electric Utilities Corporation for a Declaratory Order To Resolve Uncertainty Regarding Whether Certain Applicants Qualify As a "Customer-Generator" Eligible To Participate in Net Metering*, Pa. PUC Docket No. P-2014-2420902 (requesting a declaratory order to resolve the uncertainty regarding whether four large alternative energy systems without any independent load qualify as "customer generators" eligible to participate in net metering); *Sunrise Energy, LLC v PPL Corporation and PPL Electric Utilities Corporation*, W.D. Pa. Docket No. 2:14-cv-00618 (a federal complaint asserting civil rights claims and a number of state law claims and seeking damages against PPL Electric for allegedly not granting net metering applications for three large alternative energy systems that lack any load that is independent of the alternative energy systems).

As explained below, PPL Electric strongly supports the Commission's *Final Rulemaking Order*. PPL Electric believes that it is reasonable and appropriate to make it clear that merchant generators do not qualify as customer-generators and cannot be subsidized by electric utility customers through net metering, which, in turn, would increase the rates paid by other customers.

Although PPL Electric strongly supports the regulations proposed in the *Final Rulemaking Order*, PPL Electric offers the following limited comments for the Commission's consideration to provide further guidance and clarity. PPL Electric has organized these comments to follow the proposed revisions to the AEPS regulations as set forth in Annex A to the Commission's Final Rulemaking Order.

II. COMMENTS

A. SECTION 75.1 - DEFINITIONS

1. Aggregator

The Commission proposes to add a definition for "aggregator." PPL Electric continues to support this definition and recommends that it be adopted.

2. Alternative Energy Sources

The Commission proposes to revise the definition of alternative energy to reflect the amendments to the definition for low-impact hydropower and biomass facilities from Act 129. PPL Electric continues to support this revision and recommends that it be adopted.

3. Customer-Generator

The Commission proposes to apply the plain language of the AEPS Act² to the definition of "customer-generator" to clarify that a customer generator must not only be a nonutility, but must also be a "retail electric customer." Importantly, as explained in the *Proposed Rulemaking*

² See 73 P.S. § 1648.2 (net metering is available to alternative energy systems "used to offset part or all of the customer-generator's requirements for electricity").

Order, a “retail electric customer” is a customer that purchases electric power. *See Proposed Rulemaking Order*, pp. 7-8. PPL Electric believes that the Commission’s proposal to apply the plain language of the AEPS Act to the definition of a customer-generator will help emphasize that the entity is a customer first and a generator second. PPL Electric also believes that the Commission’s proposal will help resolve the ongoing uncertainty regarding whether a customer must have load, independent of the alternative energy system, to qualify for net metering. For these reasons, PPL Electric continues to support this proposal and recommends that it be adopted.

4. Default Service Provider

The Commission proposes to adopt a definition of “default service provider.” The definition proposed by the Commission is consistent with Section 2803 of the Electricity Generation Customer Choice and Competition Act, 66 Pa.C.S. § 2803. PPL Electric supports this definition and recommends that it be adopted.

5. Grid Emergency

The Commission proposes to add a definition for “grid emergencies.” from the PJM Interconnection, LLC (“PJM”)³ Open Access Transmission Tariff (“OATT”). *See Final Rulemaking Order*, p. 7. PPL Electric recommends that the Commission further clarify the term “grid emergencies” to mean any emergency as determined or declared by PJM or the applicable regional transmission organization (“RTO”).

³ PJM is a Federal Energy Regulatory Commission (“FERC”) approved Regional Transmission Organization charged with ensuring the reliability of the electric transmission system under its functional control and coordinating the movement of wholesale electricity in all or parts of thirteen states and the District of Columbia, including most of Pennsylvania.

6. Microgrid

The Commission proposes to add a definition for “microgrid.” The definition of “microgrid” proposed by the Commission is consistent with those used by the PJM Manual No. 13 (Emergency Operations) and Manual No. 35 (Definitions and Acronyms). Therefore, PPL Electric supports this definition and recommends that it be adopted.

7. Moving Water Impoundment

The Commission proposes to add a definition for “moving water impoundments” to make it clear that, in addition to hydroelectric facilities that utilize dams to impound water, electric turbines placed in rivers or streams without a dam also qualify as hydropower within the AEPS Act. PPL Electric continues to support this definition and recommends that it be adopted.

8. Distributed Generation System and Useful Thermal Energy

The Commission proposes to provide more precise definitions of the elements for distributed generation systems, including the addition of a new definition for “useful thermal energy.” PPL Electric supports the Commission’s efforts to provide clarity to the intended meaning of “distributed generation systems.” However, PPL Electric is concerned that the term “useful thermal energy” is subjective and could result in different and possibly conflicting interpretations regarding whether such energy is eligible for purposes of net metering. Therefore, PPL Electric recommends that the Commission further clarify what is meant by “useful thermal energy.”

To further clarify the meaning of “useful thermal energy,” PPL Electric recommends that the Commission also adopt efficiency standards that are consistent with the FERC’s qualified facility certification requirements for small power producers and cogeneration facilities.⁴ PPL

⁴ See <https://www.ferc.gov/docs-filing/forms/form-556/form-556.pdf>.

Electric believes that these proposed efficiency standards will help ensure that the thermal output from eligible distributed generation systems is in fact “useful” thermal energy.

PPL Electric supports the proposed definitions, including the definition of “useful thermal energy,” provided that the Commission also adopts the proposed requirement that the alternative energy system, which would include all distributed generation systems, be sized to generate no more than 200% of the customer-generator’s annual electric consumption. PPL Electric believes that the 200% requirement, as applied to distributed generation systems that produce “useful thermal energy,” will reduce the potential for ratepayers subsidizing, through net metering, large co-generation facilities with significant excess electric generation and minimal electric load. As further explained below, PPL Electric submits that this limitation, as applied to distributed generation systems that produce “useful thermal energy,” is consistent with the intent and purpose of net metering as defined by the AEPS Act. *See* 73 P.S. § 1648.2 (net metering is available to alternative energy systems “used to offset part or all of the customer-generator’s requirements for electricity”).

9. Utility

The Commission proposes to add a definition of “utility.” PPL Electric supports adding the definition of “utility,” which makes it clear that a customer-generator cannot be a person or entity that provides traditional utility services, including generation services, to end-use customers. PPL Electric believes that any entity whose primary business is electric generation should be considered a utility for purposes of the AEPS Act and, therefore, not a customer-generator eligible to participate in net metering. PPL Electric continues to believe that these proposed changes are a reasonable way to limit the possibility of merchant generators posing as customer-generators and being subsidized by ratepayers through net metering.

B. NET METERING

1. Section 75.12 - Definitions

a. Virtual Meter Aggregation

The Commission proposes that the accounts to be aggregated under virtual meter aggregation must be held by the “same individual or legal entity.” PPL Electric believes that this proposed modification will provide additional clarity regarding the alternative energy systems that qualify for virtual meter aggregation, and those that do not. PPL Electric submits that requiring all the virtual meter aggregation accounts to be held by the same individual or entity will help prevent third-party merchant generators from attempting to employ virtual meter aggregation and being subsidized by ratepayers through virtual net metering by higher rates for customers. PPL Electric therefore strongly supports this proposed condition and recommends that it be adopted.

The Commission also proposes that the service locations to be aggregated under virtual meter aggregation must be receiving electric service and “have measurable electric load independent of the alternative energy system.” PPL Electric believes that the requirement that virtual net metering systems have independent load requires further clarification.

PPL Electric recommends that the requirement for independent load be modified to make it clear that it applies to the satellite account(s) (*e.g.*, the primary account for the residence or building) rather than the host account (*e.g.*, the account for the alternative energy system). PPL Electric believes that applying the requirement for independent load to the host account is inconsistent with the purpose of virtual meter aggregation and would render virtual meter aggregation essentially meaningless. PPL Electric therefore recommends that, for purposes of virtual meter aggregation only, the requirement for independent load be modified to make it clear that it applies to the satellite account(s) rather than the host account. PPL Electric notes that this

modification, together with the 200% size limitation, will continue to limit the potential for merchant generators to use virtual meter aggregation as a way to circumvent the wholesale electric market and realize retail rate subsidies at retail customers' expense.

b. Year and Yearly

In the existing regulations, the term year and yearly, as applied to net metering, is defined as the planning year as determined by PJM. In the *Proposed Rulemaking Order*, the Commission proposed to revise the definition for year and yearly as it applies to net metering to the period of time from May 1 through April 30. In the Final Rulemaking Order, however, the Commission proposes to continue to define the term year and yearly by the PJM planning year. PPL Electric supports the PJM planning year for net metering because it will coordinate with PTC issuance periods, which run June 1st through May 31st, and will avoid customer confusion.

2. Section 75.13(a)

The Commission proposes several conditions required to qualify for net metering. Based on its experience, PPL Electric believes that there is substantial uncertainty and lack of uniformity regarding which entities can qualify for net metering.⁵ Many developers of alternative energy systems have tried to substantially expand the definition of customer-generator in a way that is completely at odds with the AEPS Act and the policies underpinning the Act. Merchant generators are not customer-generators and should not be considered customer-generators for a variety of important policy reasons.

Given the significant uncertainty and the continued development of alternative energy systems within the Commonwealth, PPL Electric believes that it is reasonable and appropriate to make it clear that merchant generators cannot qualify as customer-generators and cannot be

⁵ See Footnote 1, *supra*.

subsidized by ratepayers through net metering, which, in turn, would increase the rates paid by other customers.

PPL Electric generally supports all of the proposed conditions required to qualify for net metering, and believes that they will provide much needed guidance and clarity to EDCs and electric generation suppliers (“EGSs”) offering net metering, as well as to customers seeking to participate in net metering. In particular, PPL Electric strongly supports and recommends that the Commission adopt: (a) the condition that customer-generators eligible to participate in net metering be required to have load independent of the alternative energy system; and (b) the condition that the alternative energy system of customer-generators eligible to participate in net metering be sized to generate no more than 200% of the customer’s annual electric consumption. However, PPL Electric opposes the “grace period” aspect of the proposed grandfathering provision.

a. Requirement for Independent Load

With respect to the requirement that a net metering customer-generator must have load that is independent of the alternative energy system, the Commission explained in the *Proposed Rulemaking Order* that this proposed condition “makes explicit what was already implied in the AEPS Act and the regulations.” *See Proposed Rulemaking Order*, p. 11. PPL Electric agrees that this requirement is consistent with the intent and plain language of the AEPS Act. *See* 73 P.S. § 1648.2 (net metering is available to alternative energy systems “used to offset part or all of the customer-generator’s requirements for electricity”).

Based on PPL Electric’s experience, some merchant generators have attempted to assert that they are eligible for net metering because their alternative energy system is being used to offset the load that is related only to the operation, maintenance, or administration of the alternative energy system, such as lighting, security, HVAC, control equipment and/or

equipment housing.⁶ PPL Electric submits, however, that such alternative energy systems should not qualify for net metering because, but for the alternative energy system, there would be no load to offset. In PPL Electric's opinion, it is clear that the primary purpose of such systems is to produce and sell power, not offset customer load as intended by the AEPS Act.

For example, an alternative energy system with a nameplate capacity of 3 megawatts ("MW"), which would produce approximately 4.5 million kilowatt hours ("kWh"), could have a peak demand of only 5 kW for indoor and outdoor lighting, material handling, and other miscellaneous load used to support the operation and maintenance, and administration of the alternative energy system. Under this scenario, the alternative energy system would have only generation, no meaningful usage, and would be able to sell virtually all output through net metering. Such a result is totally inconsistent with the notion of "net" metering, which is to net usage and generation.

PPL Electric believes that such systems should not be subsidized by ratepayers and, instead, should sell their excess generation in the wholesale electric market in competition with other similarly situated merchant generators. Allowing alternative energy systems to sell their excess generation through net metering, rather than in the wholesale competitive electric market, will force ratepayers to subsidize these systems by paying higher rates. The Commission has authority to define what "customer-generator" means and determine that it must have meaningful load that is independent of the generation system.

PPL Electric also recommends that the Commission require that "independent load" must be permanent and present at the customer-generator service for a customer-generator to maintain

⁶ See, e.g., *Petition of PPL Electric Utilities Corporation for a Declaratory Order To Resolve Uncertainty Regarding Whether Certain Applicants Qualify As a "Customer-Generator" Eligible To Participate in Net Metering*, Pa. PUC Docket No. P-2014-2420902 (requesting a declaratory order to resolve the uncertainty regarding whether four large alternative energy systems without any independent load qualify as "customer generators" eligible to participate in net metering).

net metering status. This will help avoid situations where merchant generators install temporary load solely for the purpose of being deemed eligible for net metering.

Importantly, PPL Electric notes that those alternative energy systems that do not meet the independent load requirement are not foreclosed from receiving value for the excess generation produced by their alternative energy systems. Indeed, these facilities already have the ability to sell any excess generation in the wholesale electric market in competition with other similarly situated merchant generators. Further, PPL Electric will permit these alternative energy systems to interconnect with PPL Electric's system consistent with the PJM generation interconnection process. Thus, little, if any, harm will occur to alternative energy systems without independent load because they will still be able to get value for their excess generation similar to other merchant generators. Further, this approach will avoid ratepayers being forced to subsidize these merchant generators, which, in turn, will avoid higher rates for customers.

PPL Electric believes that these proposed modifications to the requirement for independent load will provide additional clarity regarding the alternative energy systems that qualify as customer-generators eligible to participate in net metering, and those that do not. PPL Electric submits that the independent load requirement, together with PPL Electric's proposed modifications, will help prevent merchant generators from attempting to qualify as customer generators and being subsidized by ratepayers through net metering. PPL Electric therefore strongly supports this proposed condition and recommends that it be adopted with the Company's proposed modifications.

b. 200% Size Limitation

In addition to the independent load requirement, the Commission initially proposed in the *Proposed Rulemaking Order* that the alternative energy system must be sized to generate no more than 110% of the customer-generator's annual electric consumption at the interconnection

meter and all qualifying virtual meter aggregation locations to be eligible as a customer-generator for purposes of net metering. The Commission explained that the purpose of this condition is to ensure that the customer-generator is not acting like a utility or merchant generator and receiving excessive retail rate subsidies from other retail rate customers. *See Proposed Rulemaking Order*, p. 13. In its comments to the *Proposed Rulemaking Order*, PPL Electric strongly supported this proposed condition.

In the *Final Rulemaking Order*, the Commission has proposed to increase the size limitation from 110% to 200% of the customer-generator's annual electric consumption at the interconnection meter and all qualifying virtual meter aggregation locations to be eligible as a customer-generator for purposes of net metering. The Commission explained that the 200% cap on net metering will increase the number of alternative energy systems that can qualify for net metering, while at the same time meeting the intent of the AEPS Act to exclude merchant generators from net metering. *See Final Rulemaking Order*, p. 11. The Commission also explained how the 200% size limitation is to be determined from the annual usage of both existing and new service locations.

Based on its experience, PPL Electric believes that the 110% size limitation initially proposed in the *Proposed Rulemaking Order* is more consistent with intent of the net metering provisions of the AEPS Act to provide electric customers with a reasonable means to offset their electric consumption. Additionally, by implementing the 110% size limit, EDCs likely would not have to install additional system enhancements or improvements, such as larger transformers, to accommodate the installation of an alternative energy system. If the 200% size limitation is adopted, EDCs may have to install additional equipment to accommodate the larger sized alternative energy system, which, in turn, would increase costs to electric utility customers.

Although PPL Electric continues to support the 110% size limitation initially proposed in the Proposed Rulemaking Order, PPL Electric recognizes that the proposed 200% size limitation is a significant improvement over the current regulatory scheme with no cap on the size of alternative energy systems. A limit on the size of alternative energy systems for purposes of net metering is a reasonable and balanced approach to supporting the intent of the AEPS Act by limiting the potential for merchant generators to use net metering as a way to circumvent the wholesale electric market and realize retail rate subsidies at the expense of retail customers. This condition will help resolve much of the ongoing uncertainty and confusion regarding whether specific customer-generators are eligible to participate in net metering.

PPL Electric also supports the proposal that alternative energy systems that initially comply with the size limitation at the time of application will remain eligible for net metering provided that the alternative energy system's capacity is not increased subsequent to its initial approval. PPL Electric believes that this condition will help minimize the potential for alternative energy systems that initially comply with the size limitation for net metering from later adding significant additional capacity.

Finally, for virtual net metering customers, PPL Electric recommends that the historic annual consumption data be based on the total consumption at the host and satellite account(s) rather than only the host account (*i.e.*, on the usage at the primary account(s) for the residence or building(s) to be offset together with the usage at the account for the alternative energy system).⁷ Applying the size limitation only to the usage at the host account could essentially render virtual net metering meaningless. Therefore, for purposes of virtual net metering, PPL Electric believes that the size limitation should be applied based on the total annual consumption of the satellite

⁷ For purposes of virtual net metering, PPL Electric identifies the account associated with alternative energy system as the "host account" and the account associated with existing load to be aggregated and offset as the "satellite account."

account(s) and the host account. PPL Electric believes that its proposal to apply the size limitation to the satellite account(s) and the host account is consistent with the Commission's application of the 110% size limitation to third-party owned and operated systems. *See Net Metering – Use of Third Party Operators*, Docket No. M-2011-2249441 (Final Order March 29, 2012).

c. Grandfathering Provisions

In response to certain comments to the *Proposed Rulemaking Order*, the Commission proposes to add language that would exclude all alternative energy systems from complying with the proposed revisions to the AEPS regulations provided that the owner submits an interconnection application within 180 days from the date the revised regulations become final. PPL Electric recognizes that existing customer-generators have made investments in alternative energy systems with the expectation that the facilities will be eligible for net metering under the current regulatory scheme. For this reason, PPL Electric recommends that any alternative energy systems that have been approved for net metering by an EDC should be exempt for the new regulations proposed in the *Final Rulemaking Order* (i.e., the 200% size limitation and the definition of a utility) and permitted to remain on net metering. However, PPL Electric respectfully requests the Commission reconsider its position on grandfathering facilities that have not approved been approved for net metering.

PPL Electric submits that grandfathering customers that apply within 180 days from the date the revised regulations become final will create a rush of applications from prospective developers to beat the revised regulations set forth in the *Final Rulemaking Order*. Indeed, PPL Electric notes that it experienced a large increase in the number of interconnection applications

submitted after the *Proposed Rulemaking Order* was issued.⁸ Much like the increase in the number interconnection applications submitted after the *Proposed Rulemaking Order* was issued, there undoubtedly will be a surge of interconnection applications if the proposed 180-day grandfather period is adopted.

The proposed 180-day grandfather period also is entirely inconsistent with the spirit and purpose of net metering under the AEPS Act, which permits net metering only for alternative energy systems “used to offset part or all of the customer-generator’s requirements for electricity.” 73 P.S. § 1648.2. PPL Electric submits that the adoption of a grandfather period from the independent load requirement would be entirely inconsistent with what is already required by the AEPS Act.⁹ In addition, adopting the proposed grace period for the 200% size limitation would be entirely contrary to the purpose of the cap and would permit merchant generators to use net metering as a way to circumvent the wholesale electric market and realize retail rate subsidies at the expense of retail customers.¹⁰

3. Section 75.13(b)

The Commission proposes to make it clear that the Commission has the authority to direct EGSs to offer net metering in certain circumstances. In particular, the Commission would have the authority to direct EGSs to offer net metering if the EGSs are acting in the role of

⁸ See, e.g., *Petition of PPL Electric Utilities Corporation for a Declaratory Order To Resolve Uncertainty Regarding Whether Certain Applicants Qualify As a “Customer-Generator” Eligible To Participate in Net Metering*, Pa. PUC Docket No. P-2014-2420902 (requesting a declaratory order to resolve the uncertainty regarding whether four large alternative energy systems without any independent load qualify as “customer generators” eligible to participate in net metering).

⁹ In the *Proposed Rulemaking Order*, the Commission explained that this proposed condition “makes explicit what was already implied in the AEPS Act and the regulations.” See *Proposed Rulemaking Order*, p. 11.

¹⁰ The Commission has previously explained that the purpose of the proposed cap on the size of customer-generators’ alternative energy systems is to ensure that the customer-generator is not acting like a utility or merchant generator and receiving excessive retail rate subsidies from other retail rate customers. See *Proposed Rulemaking Order*, p. 13; see also *Final Rulemaking Order*, p. 11.

default service provider. PPL Electric supports this clarification and recommends that it be adopted.

4. Section 75.13(d)

The Commission proposes to provide clarity on how excess generation in one billing period is to be treated in subsequent billing periods. PPL Electric generally supports this clarification and recommends that it be adopted subject to the discussion on customer and demand changes set forth below in Section II.B.6.

5. Section 75.13(e)

The Commission proposes to revise Section 75.13(e) to provide that customer-generators are to be cashed out using the weighted average of the Price-to-Compare (“PTC”) based on the rate in effect when the excess generation was actually delivered. Preliminarily, PPL Electric notes that this is a new requirement that is not currently contemplated in the plain language of the Commission’s net metering regulations. Although the Commission discussed using a weighted average generation and transmission rate to calculate a customer-generator’s year-end compensation in *Implementation of Act 35 of 2007 Net Metering and Interconnection*, Docket No. L-00050174 (Final Omitted Rulemaking Order July 2, 2008), the applicable Regulations at 52 Pa. Code § 75.13 provide that a customer-generator’s year-end compensation should be calculated at the PTC. Thus, the use of a weighted average generation and transmission rate to calculate a customer-generator’s year-end compensation was not and has not been adopted as required by the formal rulemaking requirements of the Commonwealth Documents Law¹¹ and the Regulatory Review Act.¹² PPL Electric appreciates the Commission’s efforts to clarify the

¹¹ Act of July 31, 1968, P.L. 769, as amended, 45 P.S. §§ 1101-1603.

¹² Act of June 25, 1992, P.L. 633, reenacted by Act of February 21, 1986, P.L. 47, and amended by Act of June 25, 1997, P.L. 252, 71 P.S. §§ 745.1-745.15.

year-end compensation to customer-generators, but submits that there are additional and critical considerations that must be taken into account before such a proposal can be implemented.

The use of a weighted average generation and transmission rate to calculate a customer-generator's year-end compensation will require individual PTC rates for each individual customer-generator. As PPL Electric explained in its comments to the *Proposed Rulemaking Order*, not only will this be complicated, time consuming, and expensive, it will cause significant confusion for customers.

PPL Electric currently cashes out a customer at the PTC in effect at the time of cash-out (usually May of each year). While the Commission's new proposed weighted average method may be more reflective of the value of the generation at the time it is produced, it would require significant changes to PPL Electric's billing system. Importantly, a more robust billing system would be required to track when excess generation is created and the PTC in effect at that time, as well as create an ongoing tabulation and accounting system of the individual PTC rates per net metering customer. There also is an increased level of complication for net metering customers on a Time of Use ("TOU") rate and net metering customers that may oscillate between shopping and default service. For these reasons, PPL Electric recommends that the Commission not adopt its proposed weighted average cash out methodology.

If the proposed approach is adopted, PPL Electric recommends several clarifications be addressed and adopted by the Commission. First, PPL Electric recommends that the Commission clarify that the proposed weighting methodology be defined as a valuation of a customer-generator's excess at the time the excess is created. This will create a cash-out rate that is specific to each customer-generator. PPL Electric believes that this clarification will be more reflective of the value of the generation at the time it is produced.

Second, PPL Electric also notes that not all alternative energy systems produce excess generation during the same periods, which could have significant impacts to net metering customers on TOU rates or receiving real-time or spot market pricing, such as PPL Electric's Large Commercial and Industrial ("Large C&I") default service customers. Therefore, PPL Electric recommends that the Commission further clarify how the weighted average cash out method should be implemented for purposes of TOU rates and spot market rates.

For TOU service provided by EDCs, PPL Electric recommends that the Commission establish a predefined weighted average for the TOU rates based upon the generation type.¹³ For TOU service provided by EGSs, PPL Electric recommends that the Commission clarify that the end-of-year cash out will be determined by the service agreement between the customer-generator and the EGS.

For Large C&I on an hourly spot market price there is no true PTC. Therefore, it is unclear how the PTC should be derived to determine the annual cash out rate for Large C&I customer-generators. PPL Electric submits that, because the Large C&I customer group has a real time pricing component, the Commission should consider adopting regulations that permit EDCs to do monthly cash outs for Large C&I net metering customers. Specifically, PPL Electric recommends that if a Large C&I net metering customer supplies more generation than the EDC delivers to the customer-generator during a billing period, the excess kWh shall not be carried forward to a subsequent billing period but, instead, will be cashed out each month based on the monthly average of the hourly PJM locational marginal price ("LMP"). PPL Electric submits that this proposal is consistent with the Commission's approval of PECO Energy Company's net metering billing for customer-generators who receive service under the Procurement Class 4 rate.

¹³ For example, excess generation produced from net metering solar alternative energy systems on a TOU rate should be weighted to daylight hours (likely on-peak), while excess generation produced from net metering biomass alternative energy systems should be weighted evenly for all hours of production.

See PECO Energy Company – Electric Supplement No. 34 to Tariff Electric Pa. P.U.C. No. 4, Docket No. R-2012-2286475 (Pa. PUC Order Aug. 30, 2012). Alternatively, if the Commission declines to adopt this proposal for the monthly Large C&I net metering customer cash out, PPL Electric recommends that the Commission consider using the average LMP for each hour of each day during the PTC period, plus an adder for capacity and other charges, to calculate the PTC for the Large C&I net metering customer cash out.

Third, PPL Electric recommends that the Commission adopt a reasonable time period for EDCs to design, implement, and test the modifications to their respective Information Technology systems necessary to implement the new weighted methodology. PPL Electric estimates that it would take at least 12 months to implement the changes necessary for the new weighted methodology. However, this estimate is only a preliminary estimate and the project could take significantly longer given that PPL Electric's resources currently are fully deployed to design, implement, and test higher priority initiatives, including, but not limited to: development of metered account multiple off-cycle switching that must be implemented by July 31, 2015; development of non-metered account multiple off-cycle switching that must be implemented by December 31, 2016; development of Seamless Moves and Instant Connects that must be implemented by July 1, 2016; and the comprehensive Smart Meter Technology Procurement and Installation Plan pending before the Commission at Docket No. M-2014-2430781. To the extent that the Commission adopts the proposed weighted-average cash out method, the Commission should allow EDCs sufficient time to fully develop and implement the systems required to accommodate the proposal.

Finally, PPL Electric recommends that the Commission consider the cost involved to implement the proposed weighted average annual cash out method. PPL Electric currently does

not have any details regarding the amount of work involved, or the cost that would be required. However, it is clear that significant modifications are necessary to accommodate the proposed year-end cash out method. To the extent that the Commission adopts the proposed weighted-average cash out method, the Commission should permit EDCs to recover any IT costs. This proposal to recover costs associated with upgrades to its billing system necessary to accommodate the weighted average cash out method is consistent the Commission's treatment of a similar request made by PECO Energy Company in response to a net metering customer's request to be cashed out at the weighted average rate in effect at the time the excess generation was produced.¹⁴ Therefore, PPL Electric recommends that if the Commission adopts the proposed weighted-average cash out method, the Commission affirmatively state that EDCs will be permitted to fully recover the costs associated with implementing the weighted average cash out method.

PPL Electric notes that, currently, end-of-year cash-out payments are recovered from ratepayers through the Generation Service Charge for default supply service. Thus, the costs associated with implementing the weighted average cash out method are related to the Generation Service Charge. Therefore, PPL Electric recommends that the costs associated with implementing the weighted average cash out method also be recovered through the Generation Service Charge.

¹⁴ See *Mari Jo Jensen v. PECO Energy Company*, Pa.PUC Docket No. F-2011-2270675 (May 23, 2014) (“Accordingly, we will grant PECO’s request to seek recovery, through its GSA, of any IT costs it may incur to upgrade its billing system so that future end-of-year payments to customer-generators can be calculated automatically. In granting this request, we emphasize that we are making no determination, at this time, regarding the legitimacy or reasonableness of such costs, or whether a request for the recovery of such costs will be granted. Such a determination must be based on a proper analysis of the facts and supporting data that PECO may provide to this Commission at the time it submits its request for whatever amount of cost recovery it may seek.”)

6. Section 75.13(f)

In the current net metering regulations, the net metering terms and conditions for customers that shop is a matter to be determined between an EGS and the customer-generator. However, the current regulations are silent as to how distribution charges are to be treated by the EDC for net metering customers who shop. In its *Final Rulemaking Order*, the Commission has clarified that net metering customers who take supply service from an EGS are to receive a credit for their excess generation based on the unbundled kilowatt-hour based distribution charges, and that this credit must be equal to the unbundled kilowatt-hour distribution charge of the EDC for the customer-generator's kilowatt-hour rate schedule. PPL Electric generally supports this clarification, but recommends that the Commission consider clarifying whether customer-generators are responsible for the customer, demand, and other applicable charges.

Sections 75.13(j) and (k) as revised by the *Final Rulemaking Order* provide as follows:

[(i)] (j) An EDC **and DSP** shall provide net metering at nondiscriminatory rates identical with respect to rate structure, retail rate components and any monthly charges to the rates charged to other customers that are not customer-generators **on the same default service rate**. An EDC **and DSP** may use a special load profile for the customer-generator which incorporates the customer-generator's real time generation if the special load profile is approved by the Commission.

[(j)] (k) An EDC **or DSP** may not charge a customer-generator a fee or other type of charge unless the fee or charge would apply to other customers that are not customer-generators, **or is specifically authorized under this chapter or by order of the Commission**. The EDC **and DSP** may not require additional equipment or insurance or impose any other requirement unless the additional equipment, insurance or other requirement is specifically authorized under this chapter or by order of the Commission.

See Final Rulemaking Order, Annex A, p. 26. It is unclear from the proposed Sections 75.13(j) and (k), however, whether customer-generators are responsible for applicable customer and

demand charges. PPL Electric believes that Commission should make it clear that net metering and virtual net metering customers are responsible for the customer and demand charges.

Sections 75.13(d) and (e) as revised by the *Final Rulemaking Order* provide, in pertinent part, as follows:

[(c) The EDC] (d) An EDC and DSP shall credit a customer-generator at the full retail rate, which shall include generation, transmission and distribution charges, for each kilowatt-hour produced by a Tier I or Tier II resource installed on the customer-generator's side of the electric revenue meter, up to the total amount of electricity used by that customer during the billing period. If a **[customer generator] customer-generator** supplies more electricity to the electric distribution system than the EDC **[delivers] and DSP deliver** to the customer-generator in a given billing period, the excess kilowatt hours shall be carried forward and credited against the customer-generator's usage in subsequent billing periods at the full retail rate. Any excess kilowatt hours **that are not offset by electricity used by the customer in subsequent billing periods** shall continue to accumulate until the end of the year.

[(d)] (e) At the end of each year, the **[EDC] DSP** shall compensate the customer-generator for any **remaining** excess kilowatt-hours generated by the customer-generator **[over the amount of kilowatt hours delivered by the EDC during the same year] that were not previously credited against the customer-generator's usage in prior billing periods** at the EDC'S-DSP'S price to compare **rate**....

See Final Rulemaking Order, Annex A, p. 25. The plain language of the revised Section 75.13 suggests that an EDC is obligated to credit or compensate customer generators only for the excess kilowatt-hours of electric generation, not the customer or demand component of a customer's bill.

Net metering customers continue to be connected to an EDC's distribution system and continue to use that system both as a consumer of electricity and as a generator of electricity. The customer charge is designed to recover costs associated with connecting a customer to the system regardless of the customer usage (either as a buyer or as a seller). The demand charge is

designed to recover the costs associated with the maximum demand a customer places on the system (again either as a buyer or as a seller). There is therefore no rational basis for eliminating a net metering customer's responsibility for the customer or demand charges, or other applicable riders.

PPL Electric also notes that in its 2010 base rate case, the Commission rejected an intervenor's proposal that net metering customers should not be responsible for the customer charge or demand charge and, instead, should receive a credit for the customer and demand charges. *Pa. PUC v. PPL Electric Utilities Corporation*, Docket Nos. R-2010-2161694, 2010 Pa. PUC LEXIS 2001 at *82-84 (Pa. PUC Order Dec. 21, 2010). In rejecting the intervenor's argument, the Commission held as follows:

Based upon our review of the record evidence, as well as the Commission's Regulations and the relevant statute, we conclude that SEF's Exceptions on this issue are without merit. The Regulations clearly state that customer-generators are responsible for all monthly customer charge and demand charge billing components. This responsibility simply cannot be relinquished when a customer-generator's net metering results in energy provided into PPL's distribution system on any given month. PPL's system remains in place to serve the customer-generator's demand when needed and PPL continues to incur costs recovered through the customer charge whether or not the customer-generator's net metering results in excess supply. Additionally, Section 75.13(i) provides that the rates of both customer-generators and non-generators alike shall be nondiscriminatory, identical with respect to rate structure, retail rate components and any monthly charges. 52. Pa. Code § 75.13(i). Relieving any customer-generator of its responsibility to pay customer charges or demand related charges would create an unjust and unreasonable burden on all other ratepayers. Accordingly, we shall adopt the ALJ's recommendation and deny the Exceptions of SEF regarding this issue.

Id. at *84-85.

Finally, PPL Electric notes that Commission recently reaffirmed that net metering customers are responsible for their demand charges. *See Petition of Sunrise Energy, LLC for*

Clarification of Electronic Distribution Company Tariffs that Address Renewable Energy Net Metering, Docket No. P-2013-2398185 (Opinion and Order entered Mar. 20, 2014). In that proceeding, a solar developer noted that commercial net metering customer-generators are not being credited and are required to pay the demand portion of their distribution charges. The solar developer proposed that the rate design for commercial customer-generators should not include demand charges and, instead, should be based only on per kilowatt-hour distribution charges. Citing to its order in PPL Electric’s 2010 base rate case, *supra*, the Commission again rejected the proposal that commercial net metering customers should not be responsible for the demand charge and, instead, should receive a credit for the demand charges. *Id.*, Slip Op. pp. 17-18.

For these reasons, PPL Electric recommends that the Commission consider clarifying Section 75.13 to specifically add that a “customer-generator is responsible for the customer charge, demand charge, and applicable riders charges under the applicable Rate Schedule.”

7. Section 75.13(j)

The Commission proposes to add references to default service and the default service rate to recognize default service providers and the role EDCs currently play in providing default service. PPL Electric generally supports this clarification and recommends that it be adopted subject to the discussion on customer and demand changes set forth above in Section II.B.6.

8. Section 75.13(k)

The current regulation states that an EDC may not charge a customer-generator a fee or other type of charge unless the fee or charge would apply to other customers. However, Section 75.14(e) states that “[i]f the customer-generator requests virtual meter aggregation, it shall be provided by the EDC at the customer-generator’s expense,” and “[t]he customer-generator shall be responsible only for any incremental expense entailed in processing his account on a virtual

meter aggregation basis.” The Commission proposes to provide clarity and address this conflict by allowing EDCs to charge fees as authorized by Chapter 75 or by order of the Commission. PPL Electric appreciates and supports the Commission’s proposal to remove any conflicts in the regulations and provide clarity. However, PPL Electric believes that the costs to implement virtual net metering are an important issue that requires further consideration and guidance.

Unlike a net metering customer where there is only one meter and one bill, virtual net metering has two or more different points of interconnection with the electric system and two or more separate meters that are read and billed independently. Currently, PPL Electric’s billing system is unable to associate two different accounts that are read and billed independently. As a result, PPL Electric currently tracks and applies virtual metering through a manual process.

In *Larry Moyer v. PPL Electric Utilities Corporation*, Pa. PUC Docket No. C-2011-2273645, a virtual net metering customer requested that PPL Electric should implement an automated billing system for the virtual metering program rather than using a manual billing process, and that bills for virtual metering customers should reflect additional data, such as the kWh of generation produced by the host account, and all credits and/or payments that have been made to the satellite account. However, as PPL Electric explained in that proceeding, it would require considerable time and expense to update the current billing system to automate the virtual metering billing process and provide the additional data requested.

Currently, there are only about 97 virtual metering customers on PPL Electric’s system. Although PPL Electric supports and appreciates the Commission’s efforts to clarify that EDCs are permitted to impose fees or charges on virtual net metering customers for any incremental expense in providing virtual net metering, PPL Electric believes that imposing the costs to automate the virtual metering billing system on the limited number of existing virtual net

metering customers would erode any benefits that could potentially be realized by those customers. Simply stated, imposing those fees on such a small number of customers would make virtual net metering uneconomical for these customer-generators. Further, given the small number of participants in the virtual metering program, it is unclear whether automating the billing process for virtual net metering customers would be a reasonably prudent expense that could be recovered through base rates.

PPL Electric submits that, to the extent that EDCs are required to automate virtual net metering and/or provide additional data regarding the host and satellite accounts, EDCs should be permitted to fully recover the costs incurred, subject to review in an appropriate Commission proceeding. PPL Electric therefore recommends that the Commission provide additional guidance on the “incremental costs” that should be directly charged to virtual net metering customers and those that should be recovered through base rates.

PPL Electric notes that, as explained above, it will require considerable time and resources to upgrade its billing system to accommodate the Commission proposed weighted-average cash out method. To the extent that EDCs must also update their billing systems to automate virtual net metering, PPL Electric suggests that these costs be included with those needed to accommodate any revised cash out method, and that the Commission allow EDCs to fully recover the total costs, subject to review in an appropriate Commission proceeding.

Finally, as explained above in Section II.B.6, the Commission should clarify that customer-generators are responsible for the customer, demand, and other applicable charges.

9. Section 75.14(e)

The Commission proposes several changes regarding virtual net metering. First, the Commission proposes that the accounts to be aggregated under virtual meter aggregation must be

held by the “same individual or legal entity.” As explained above in Section II.B.1, PPL Electric therefore strongly supports this proposed condition and recommends that it be adopted.

Second, the Commission proposes that the service locations to be aggregated under virtual meter aggregation must be receiving electric service and “have measurable electric load independent of the alternative energy system.” As explained above in Section II.B.1., PPL Electric recommends that, for purposes of virtual meter aggregation only, the requirement for independent load be modified to make it clear that it applies to the satellite account(s) (the primary account(s) for the residence(s) or building(s)) rather than the host account (the account for the alternative energy system), because there could be no independent load on the host account. PPL Electric notes that this modification, together with the 200% size limitation, will continue to limit the potential for merchant generators to use virtual meter aggregation as a way to circumvent the wholesale electric market and realize retail rate subsidies at retail customers’ expense.

10. Section 75.16 - Large Customer-Generators

The Commission proposes to add Section 75.16 to address distributed generation systems with a nameplate capacity of greater than three megawatts and up to five megawatts, and to identify the standards that must be met to qualify as a large customer-generator. With the clarification of the definition of “grid emergencies” described above, see Section II.A.5, *supra*, PPL Electric generally supports this proposal and recommends that it be adopted.

11. Section 75.17 - Process for Obtaining Commission approval of Customer-Generator Status

PPL Electric generally supports the Commission’s proposal to review and approve all net metering applications for alternative energy systems with a nameplate capacity of 500 kW or greater. Unlike smaller-sized alternative energy systems where it is much easier for the EDC to

determine whether the customer qualifies as a customer-generator eligible for net metering, PPL Electric believes that alternative energy systems sized at 500 kW and above often require significant resources and time to determine if such facilities truly qualify as a customer-generator or are really a merchant generator. Further, PPL Electric believes that the Commission's review will ensure that these larger-sized alternative energy systems are treated uniformly and consistently throughout the Commonwealth, which will be a significant benefit to the owners of larger-sized alternative energy systems operating in multiple service territories. Finally, PPL Electric believes that this condition will help ensure that customer-generators whose systems are above 3 MW properly make their systems available to operate in parallel with the electric utility during grid emergencies.

Although PPL Electric generally supports the Commission's proposal to review and approve all net metering applications for alternative energy systems with a nameplate capacity of 500 kW or greater, PPL Electric opposes the proposed time period for EDCs to complete a technical review. In the *Proposed Rulemaking Order*, the Commission initially proposed to require EDCs to complete the technical review of proposed customer-generators' facilities within 20 days. In the *Final Rulemaking Order*, however, the Commission now proposes to change the EDC technical review period from 20 days to 15 days. PPL Electric submits that 15 days to complete the technical review is simply not enough time for design and planning engineers to fully evaluate the impact that an alternative energy system may have on the safety, reliability, and integrity of the electric system. PPL Electric submits that the EDC technical review period should remain at 20 days to ensure that EDCs have sufficient time to complete a detailed study of the alternative energy system and the electric system, which, in turn, should facilitate the Commission's review within the proposed 10-day review period.

C. INTERCONNECTION STANDARDS

1. Section 75.22 - Definitions

The Commission proposes to revise the definition for “electric nameplate capacity.” PPL Electric continues to support this proposal and recommends that it be adopted.

2. Sections 75.31, 75.34, 75.39, and 75.40 - Capacity Limits

The Commission proposes to revise Sections 75.31, 75.34, 75.39, and 75.40 to reflect the increase of the capacity limit resulting from Act 35 for customer-generators from 2 MW to 5 MW. PPL Electric continues to support this proposal and recommends that it be adopted.

3. Section 75.51 - Disputes

The current regulations at Section 75.51(c) provide that the Commission may designate a technical master to help resolve interconnection disputes. The Commission notes that it is not aware of any interconnection disputes that have not been resolved through the normal Commission complaint or alternative dispute resolution processes. The Commission, therefore, proposes that Section 75.51(c) be deleted. PPL Electric continues to support this proposal and recommends that it be adopted.

D. ALTERNATIVE ENERGY PORTFOLIO REQUIREMENT:

1. SECTION 75.61 - EDC and EGS Obligations

The Commission proposes to revise Section 75.61 to note that the requirements are subject to the quarterly adjustment provisions of Act 129 of 2008. PPL Electric continues to support this proposal and recommends that it be adopted.

2. Section 75.62 - Alternative Energy System Qualification

The Commission proposes to add Section 75.62(g) to note that alternative energy system status may be suspended or revoked for violations of the provisions of this chapter. PPL Electric continues to support this proposal and recommends that it be adopted.

3. Section 75.63 - Alternative Energy Credit Certification.

The Commission proposes supplement Section 75.63(g) with a proposed end to the use of estimates for future small solar photovoltaic systems and to clarify when estimated readings may be used by existing small solar photovoltaic systems. PPL Electric generally supports this proposal. However, PPL Electric recommends including a provision that the cost for any additional metering requested by a customer-generator be the responsibility of the customer-generator.

4. Section 75.64 - Alternative Energy Credit Program ADMINISTRATOR

The Commission proposes to add provisions to note that alternative energy system status may be suspended or revoked, to more accurately reflect the current reporting requirements, and to expressly state that the program administrator may not certify an alternative energy credit that does not meet the requirements of § 75.63 (relating to alternative energy credit certification). PPL Electric continues to support these proposals and recommends that they be adopted.

5. 75.65 - Alternative Compliance payments

The Commission proposes to identify the Commission's Bureau of Technical Utility Services as the Bureau with the responsibility of providing notice of and processing alternative compliance payments. PPL Electric continues to support this proposal and recommends that it be adopted.

6. Sections 75.71 and 75.72 - Quarterly Adjustment of Non-Solar Tier I Obligation

The Commission proposes to amend the quarterly load obligation reporting requirements for Load Serving Entities. Specifically, the Commission proposes to require EDCs to report their own default service load values, as well as each of the EGSs' load values, by account, on a quarterly basis. Additionally, the Commission proposes to change the date that Load Serving

Entities (“LSE”) must report their values from 30 days after the conclusion of the quarter to 60 days after the conclusion of the quarter. PPL Electric believes that further clarification of these proposals is required.

PPL Electric disagrees with the reporting requirement proposed in Section 75.72, mandating EDCs to now report EDC and EGS load data. EGSs provide retail competitive electric generation supply to end-use shopping customers. EGSs are the LSEs for shopping customers and EDCs are the LSEs for default service customers. The Commission’s proposal to require EDCs to report EGS load data is extremely burdensome, time consuming, and ultimately shifts the EGSs’ burden to report *their* customers’ load and usage. Therefore, PPL Electric recommends that that the Commission amend this provision to mandate that each LSE be obligated to provide their own monthly load values to the Commonwealth, and that the Commonwealth may contact the EDC for support in instances only where an EGS does not provide their values in time, or in instances where the Commonwealth believes the EGS reported value may be incorrect and requires validation.

PPL Electric also believes the quarterly reporting periods should be changed to 65 days after the conclusion of the quarterly period. This additional time will allow all LSEs to report verified Settlement B values for all four quarterly periods. PPL Electric also recommends that the LSE transfer date of Alternative Energy Credits to the State Account be moved from August 30th to September 30th if the Commonwealth believes it needs additional time to review credit transfers from each LSE.

III. CONCLUSION

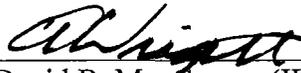
PPL Electric appreciates the opportunity to provide comments to the *Final Rulemaking Order*. For the reasons explained above, PPL Electric generally supports the regulations proposed in the *Final Rulemaking Order*, but respectfully requests that the Pennsylvania Public Utility Commission modify its proposed regulations consistent with these comments.

Respectfully submitted,

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