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MIDATLANTIC RENEWABLE ENERGY ASSOC.

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

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**Comments from the Mid-Atlantic Renewable Energy Association
regarding the PUC Investigation of Pennsylvania's Retail Electricity Market**

The Mid-Atlantic Renewable Energy Association (MAREA) appreciates the opportunity to submit answers to Questions from the PUC regarding an Investigation of Pennsylvania's Retail Electricity Market.

The Mid-Atlantic Renewable Energy Association is a registered 501(c) nonprofit educational organization in the Commonwealth of Pennsylvania. MAREA is dedicated to informing and educating the public on renewable energy production, energy efficiency, and sustainable living through meetings, workshops, educational materials, and energy fairs. Each year, MAREA presents the *Pennsylvania Renewable Energy Festival*, the largest in the region. In 2009 MAREA published the book *Pennsylvania Homeowner's Guide to Solar Electricity*.

MAREA presents these comments from the point of view of our members who are Pennsylvania electricity ratepayers and often net-metered customer generators.

Questions

Our comments can be generally directed in response to Question 2.

2. Does the existing retail market design in Pennsylvania present barriers that prevent customers from obtaining and suppliers from offering the benefits of a fully workable and competitive retail market? To the extent the barriers exist do they vary but customer and class?

Ratepayers who are generators are currently limited in their ability to shop because they will likely lose net metering. Only EDCs are required to provide net metering services.

Photovoltaic systems that have been designed and sized to operate for net metering conditions require the ongoing availability of these conditions for proper and expected performance. Customer generators cannot risk the loss of these services.

The PUC PAPowerSwitch website has this posting, “*If I am a customer generator who has signed up for net metering with my utility, can I still receive credits from the EDC if I enroll with an EGS?* If you are a utility net metering/renewable service customer, you will no longer receive credits from the utility after switching to an electric generation supplier (EGS). The utility will provide you with a final credit for any energy you produced prior to the switch. Prior to enrollment with an EGS, net metering/renewable service customers should contact prospective EGSs to find out if these EGSs offer any credits for energy produced.” (www.papowerswitch.com/frequently-asked-questions)

PECO’s statement, “*16. Can I shop for electric supply if I also generate my own power?* Yes. When you switch to a competitive supplier, PECO is required to pay for any excess generation you are owed at the time you switch and has no further responsibility to compensate for excess generation. Since suppliers are not required to offer net metering products, you should check to see if they offer such an arrangement.” (www.peco.com/NR/rdonlyres/84A46407-58CC-4FF8-89E5-552FEFF4B397/8628/PECOFAQs2182011Finalforuploading1.pdf)

Similarly, PPL’s statement, “*12. Can I shop for electricity supply if I also generate my own power?* Yes. All customers, regardless of rate schedule, have the right to choose a generation supplier. If you are a shopping customer, we will net your usage each billing period. If you are a shopping customer that has generated more than you have used on an annual basis, you will need to contact your chosen supplier to determine if the supplier will pay you its supply price for your excess power.” (www.pplelectric.com/NR/rdonlyres/839A1915-FA9C-444D-9185-789930323FE8/0/RenewableenergyFAQs.pdf)

We are unaware of any EGS in Pennsylvania offering full net metering services to residential-scale customers. Furthermore, it has been our experience that customer service and sales representatives with EGSs are unprepared to handle questions along these lines and have provided incorrect or misleading answers.

Net metering services critical to customer generators include, for both generation and transmission, 1) accurate monthly accounting and billing for “in” and “out” electricity, whether generation exceeds, matches or is less than usage, 2) proper crediting of net excess generation (NEG) with month-to-month carry over, 3) compensation for end of year NEG at “price to compare.” In this comment, we refer to these as *full net metering services*.

Currently, 3,500 ratepayers are net-metered residential scale generators (<15kW), based on PA AEPS data and the number is growing rapidly. In the current market conditions, these ratepayers effectively cannot shop for a competitive supplier. We expect that the type of “shopping” limitations this group is currently facing will soon impact a far larger group as important new ratepayer services come on line, such as time-of-use pricing.

The reasons that EGSs are not providing net-metering services are not clear to us, including whether the EGSs are unable to (because of technology or information barriers)

or unwilling to (for business reasons, with underlying regulatory issues). Whatever the case, we expect that these same issues and market barriers will present similar problems with other services such as time-of-use pricing and other smart-metered enabled services.

A common factor in the delivery of these services is the requirement for accurate data handling in an environment facing increasing levels of detail and complexity along with a growing number of actors (consumers, EDCs, EGSs and other third parties).

Currently, many if not all, of the EDCs use Excel-based manual processes to perform net metering calculations for billing. MAREA is concerned about the preparedness of these organizations to perform the higher level operations on more complex data that will be necessary to keep up with technology and services already in the pipeline.

Of particular concern to customer generators is the ability of EDCs to manage time of use pricing for net metered accounts. In recent months, our interactions with EDCs indicate that they are not prepared to handle carryovers that are specific to the applicable time-of-use retail rate. In other words, net metering *with* time of use rates.

MAREA's concerns and recommendations can be summarized as follows:

First and foremost, customer generators must continue to have uninterrupted access to the full net metering services for which their systems were designed, *including both generation and transmission*. If any changes are made to the EDC's role as a default service provider, this issue must be addressed.

Secondly, all customer generators are currently effectively barred from shopping. For these ratepayers to shop, EGSs will need to offer full net metering. See following point.

Thirdly, it appears that the type of severe competitive market limitations customer generators currently face will soon impact many more consumers when new services, like time of use pricing, are more broadly rolled out. Barriers keeping EGSs from making competitive offerings need to be identified and removed. (Perhaps the current Investigation will accomplish this.) Root causes may be stemming from technology, information availability, regulation, other market factors, or a combination thereof.

Fourthly, we are concerned by the state of data handling and billing processes, including:

- 1) the ability of data processes to support accurate billing for ratepayer services (full net metering *with* time-of-use and future smart-meter enabled services)
- 2) the limitations data management may be imposing on the opportunity for EGSs to make competitive offerings that include full ratepayer services (net metering, time-of-use and other smart-meter enabled services)

Steps need to be taken now to ensure the readiness of data management processes and procedures necessary to support both accurate billing and the availability of all ratepayer services from all competitive providers. To reap the full benefits of competitive markets and ratepayer investment in new technology, coordinated data management and sharing between all actors (consumers, EDCs, EGSs and possible 3rd parties) is essential.

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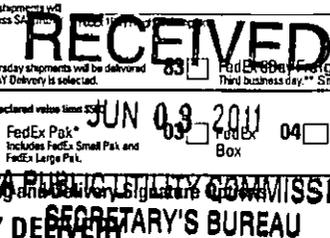
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