



March 8, 2010

KENNETH L. MICKENS, ESQ.

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

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**Re: Solar Policy Statement
Docket No. M-2009-2140263**

Dear Secretary McNulty:

Enclosed is an original and three (3) copies of the Sustainable Energy Fund Comments in the above-identified proceeding. Please contact me if you have any questions about this document.

Sincerely,

A handwritten signature in cursive script, appearing to read "Kenneth L. Mickens".

Kenneth L. Mickens, Esquire
Attorney for the Sustainable
Energy Fund

KLM: bls

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Solar Policy Statement

M-2009-2140263

The Sustainable Energy Fund (SEF) thanks the Public Utility Commission (PUC) for the opportunity to provide comments on the Proposed Solar Policy Statement. The Proposed Solar Policy Statement is a useful tool for overcoming the barriers to the continued expansion of small and large solar installations throughout the Commonwealth of Pennsylvania. SEF also believes important elements of the proposed statement can substantially aid the development of the market, especially in the case of small solar installations.

In general, SEF is supportive of the statement and suggests that the statement be modified in the following way: (1) create a classification for micro-scale solar; (2) strengthen consumer education; and, (3) include the stakeholders' five sustainable energy funds in the stakeholder group.

Small-Scale Classification

The proposed policy statement clearly defines Large-scale and Small-scale solar projects. Although these definitions are a step in the right direction, they do not go far enough to capture the economic and social differences developing in the solar photovoltaic market place within Pennsylvania. There are significant differences between the market for 100kW solar systems and systems less than 10kW. In Pennsylvania the average Residential and Small Commercial Solar Photovoltaic Systems as tracked by the Pennsylvania

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Department of Environmental Protection are 6 kW and 79 kW¹, respectively. These capacity differences result in significant differences in the ability to monetize the value of environmental attributes, including Solar Alternative Energy Credits.

In a recent RFP for the procurement of up to 8,000 Solar Alternative Energy Credits annually by PECO, a minimum contract amount of 300 AECs was required to participate in the RFP. Additional requirements excluded micro-scale systems by requiring that the AECs be generated by a single system. In a recent RFP by PPL, section 4.1.1 of the AEC RFP included requirements that bidders demonstrate that the bidder, or its guarantor's unsecured senior long-term debt rating be available from Standard & Poor's Fitch Ratings or Moody's Investor Services. RFP requirements such as these clearly exclude micro-scale systems, aggregated or not, from participating in the RFP.

SEF recommends modifications of the categories as follows:

Large-scale solar project-- An alternative energy generation system employing solar photovoltaic technology with a nameplate capacity of 300 kW or more.

Medium-scale solar project-- An alternative energy generation system employing solar photovoltaic technology with a nameplate capacity equal to or greater than 15 kW and less than 300kW.

Small-scale solar project-- An alternative energy generation system employing solar photovoltaic technology with a nameplate capacity of less than 15 kW.

¹ Pennsylvania Department of Environmental Protection Website. Retrieved March 8, 2010.
http://www.portal.state.pa.us/portal/server.pt/community/in_the_news/10475/pa_sunshine_solar_program/5530

SEF further recommends modification to §69.1903 (b) as follows:

(b) SREC procurement from small -scale and medium-scale solar projects.

EDCs are encouraged to procure SRECs from small-scale and medium-scale solar projects through competitively bid RFP processes and bilateral contracts. EDCs shall allocate a portion of each procurement to small-scale and medium-scale solar projects, 5% and 7.5% respectively.

(2) EDCs may enter into bilateral contracts for SRECs from small solar projects subject to the following conditions:

a. The price for SRECs is equal to the Commission-approved average winning bid price in the EDC's most recent RFP for large-scale solar projects.

b. If the EDC has not utilized an RFP for a large-scale project, the price for SRECs is equal to the Commission-approved average winning bid price from the most recent large-scale solar RFP by another Pennsylvania EDC, as reported on the Commission's AEPS Credit Administrator's website pursuant to Section 69.1902(b)(2)c.

Modification of the categories will provide opportunities to fine tune policy specifically to the market primarily consisting of residential systems.

Plain Language

To further aid consumers SEF recommends the following plain language provision be added to §69.1904:

§69.1904. Contracts for the purchase of SRECs by EDCs.

(a) *Standardized contracts.* EDCs should employ standardized contracts for their purchase of SRECs from large-scale solar projects, medium-scale solar projects, and small-scale solar projects. The standardized contract for medium-scale solar projects should be simple, understandable and provide for the option to purchase SRECs from solar aggregators. The contracts for small-scale projects should be written in plain language. Standardized contracts for the long-term procurement of SRECs should be from five to twenty years in length but should not exceed the AEPS compliance period as determined by the legislature.

Stakeholder Groups

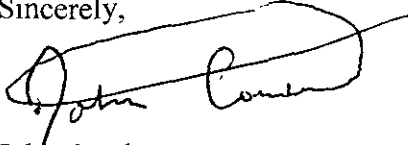
The state's five sustainable energy funds have been actively involved in the development of solar energy within the Commonwealth of Pennsylvania for the last decade and possess valuable market experience that may not be adequately represented by other interest. SEF recommends the PUC specifically include the sustainable energy funds in the stakeholder group.

§69.1902. Definitions

Stakeholder working group-- A group composed of electric distribution companies, electric generation suppliers, Commission staff, public advocates, sustainable energy funds, solar aggregators and other interested parties that meets at least semi-annually and proposes to the Commission updates to standardized solar alternative energy credit RFPs and related contracts that are posted on the Commission's website.

The Sustainable Energy Fund thanks the Commission for this opportunity to comment on the Proposed Solar Policy Statement and looks forward to working with the Commission, EDCs and other parties to achieve the goal of a sustainable energy future for Pennsylvania.

Sincerely,

A handwritten signature in black ink, appearing to read "John Costlow". The signature is written in a cursive style with a large, sweeping loop at the end.

John Costlow
Sustainable Energy Fund