



March 23, 2010

VIA HAND DELIVERY

Mr. James J. McNulty, Secretary
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

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SECRETARY'S BUREAU
PA PUC

Re: Policy Statement in Support of Pennsylvania Solar Projects
Docket No. M-2009-2140263 - Reply Comments of the New Oxford Municipal
Authority in Response to the Initial Comments Filed by Parties in the PA PUC's
Solar Policy Statement Proceeding

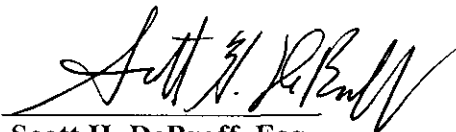
Dear Mr. McNulty:

Delivered herewith, please find an original and fifteen (15) copies of "Reply Comments of the New Oxford Municipal Authority in Response to the Initial Comments Filed by Parties in the PA PUC's Solar Policy Statement Proceeding" in the above-captioned matter. Please enter this into the docket, and timestamp the additional two (2) copies for return to Rhoads & Sinon.

Should you have any questions, please do not hesitate to contact me at (717) 237-6716.

Sincerely,

RHOADS & SINON LLP

By: 
Scott H. DeBroff, Esq.
Counsel for the New Oxford
Municipal Authority

Enclosures

cc: Service List

**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**POLICY STATEMENT IN SUPPORT OF
PENNSYLVANIA SOLAR PROJECTS**

DOCKET No. M-2009-2140263

**REPLY COMMENTS OF THE NEW OXFORD MUNICIPAL AUTHORITY IN RESPONSE TO
THE INITIAL COMMENTS FILED BY PARTIES IN THE PA PUC'S SOLAR POLICY
STATEMENT PROCEEDING**

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DATED: MARCH 23, 2010

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**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**POLICY STATEMENT IN SUPPORT OF
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AND NOW COMES the New Oxford Municipal Authority (“NOMA”), by and through its counsel, Scott H. DeBroff and Alicia R. Petersen, of Rhoads & Sinon, LLP, and files the foregoing Reply Comments on behalf of NOMA to the Policy Statement in support of Pennsylvania solar projects:

1. NOMA is a municipal water and wastewater Authority, located in Adams County, Pennsylvania, consisting of 1.4 mgd (million gallon per day) water treatment plant that was established in 1913. NOMA also owns a wastewater treatment plant that is rated at 1.788 mgd and that was established in 1957. Both the water and wastewater treatment systems service New Oxford Borough and three surrounding Townships. New Oxford Municipal Authority’s wastewater treatment system services slightly less than 3,000 customers. This includes a school system, hospital, retirement home and many large businesses. NOMA’s water treatment system produces over a million gallons per day on average and provides public drinking water to approximately 1,700 customers, including the above mentioned industrial properties.

2. Beginning in 2004, the Pennsylvania General Assembly enacted, and the Governor signed, a series of legislation promoting the development of renewable energy in Pennsylvania generally, and solar alternative energy, specifically. The Alternative Energy Portfolio Standards (“AEPS”) Act of 2004, which took effect on February 28, 2005, established an alternative energy portfolio standard for Pennsylvania.

3. Subsequent to that, Governor Rendell signed Act 35 of 2007 into law on July 17, 2007, which amended the AEPS Act in several respects. One of the purposes of Act 35 was to revise the schedule for the solar photovoltaic requirements, specifically supporting an increase in renewable energy, on an annual basis, as opposed to increases in five (5) year increments.

4. Following that, on September 25, 2008, the Commission adopted a Final Order at Docket L-00060180 that codified prior Commission interpretations of the AEPS Act and resolved issues relevant to its implementation. The Commission set forth the method for determining alternative compliance payments that EDCs and EGSs must pay for failure to obtain the required number of alternative energy credits and to include the minimum required number of alternative energy credits that come from solar photovoltaic projects.

5. In 2009, NOMA decided to pursue an alternative energy project and specifically chose a solar photovoltaic project. NOMA has recently selected an engineering firm to begin the design process for a solar photovoltaic field, one that will be able to offset a good portion of its energy needs. The Authority is very excited about the opportunity to be a part of the implementation of alternative energy in the Commonwealth of Pennsylvania and to find ways to promote reduction in its energy usage by way of this implementation.

6. On November 6, 2009, the Pennsylvania Public Utility Commission issued, for comment, a proposed “Policy Statement” to address possible barriers that might prevent new

solar projects from being implemented in Pennsylvania. Having reviewed the Commission's Order and Policy Statement, NOMA provided initial comments to the Commission on February 9, 2010. NOMA is now providing its Reply Comments to the other filed party comments and looks forward to participating in the working group effort ahead.

7. NOMA agrees with other parties and stated in its own Initial Comments that the uncertainty of an appropriate price to assign to solar renewable energy credits ("SRECs") that would be generated by small- or large-scale solar projects is a particular barrier to promoting solar energy development in the Commonwealth. NOMA would like to reiterate that price uncertainty will make it difficult to determine feasibility of proceeding with solar projects, both now and in the future.

8. Regarding §69.2902 (Definitions), NOMA would like to expand upon its initial comments in reviewing the definitions for the size and scope of the large-scale solar project and small-scale solar project. We are not sure as to the importance of the 200 kW cutoff that splits large projects from small projects. We still believe language should be added to adjust the defined scope of the 200 kW cut off between large and small projects over time. This may not be the best cut off point to define the sizing of these projects. In addition, we also support the Sustainable Energy Fund's and the Mid-Atlantic Renewable Energy Association's (MAREA) comments to include further definitions for multiple size project groups. We agree that a separate category for projects less than 15 kW should be created and called a micro-scale size. We also agree that a separate system should be developed for EDCs to purchase SRECs from these micro-scale projects.

9. In addition, to our previous comments of expanding the definition of the SREC market price to include real time posting of SREC prices and volumes, we also support the

addition of a process to establish a “Market Clearinghouse.” The Market Clearinghouse would act like a “stock exchange,” a central location where SRECs would be officially traded and pricing of SRECs would be monitored by all interested parties. We suggest that the Market Clearinghouse be set up at a neutral market location, like PJM. The Market Clearinghouse should be designed to emulate the style of the New York Stock Exchange. NOMA is promotional of a free market for SRECs with little or no regulation over the pricing of these credits. We believe this concept should be one of the initial subjects for the stakeholder working group that will convene following this comment period. At this time, we are not sure if the Commission is really the best place for the monitoring of SREC prices.

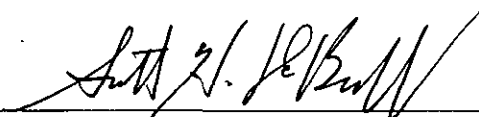
10. NOMA also supports Solar Alliance’s recommendation that the purchasing of SRECs should be a competitive, fair and transparent process. However, NOMA does not agree with Solar Alliance that projects that received CFA grants should be separated from those projects that did not receive this grant when bidding for SREC contracts in Pennsylvania. As Solar Alliance points out, the CFA grant rules do not allow projects that receive this funding to enter into an SREC contract for 10 or more years. NOMA recommends that all SREC contracts should be for less than 10 years so that all projects can participate in the bidding for SREC contracts with EDCs and EGSs. In addition, as part of a “fair and transparent” process for SREC procurement, NOMA agrees with the comments submitted by the Mid-Atlantic Solar Energy Industries & Association (MSEIA) and the Pennsylvania Solar Energy Industries Association (PASEIA) that EDCs should be required to publish the amount of credits they need at the start of the open to buy period. This will allow all parties to have an equal and fair opportunity to learn what possibilities are out there for selling their SRECs.

11. NOMA supports PPL's suggestion that the Solar Policy Statement may hurt the Commonwealth in the long run and that a free market is the best approach long term. As stated previously, NOMA recommends that a neutral "Market Clearinghouse" be established to monitor, post and trade SRECs. NOMA believes the stakeholder group should discuss the different party ideas and concerns in this Solar Policy Statement. The Solar Policy Statement should not be used as the precursor for future rules or regulations that EDCs and EGSs are required to follow. Instead, the stakeholder group should determine, after discussing the issues, if it is necessary for specific rules and regulations to be formulated by the Commission.

12. NOMA strongly disagrees with the Office of Small Business Advocate's recommendation for a statewide procurement process for SRECs instead of by the individual utilities. Instead, NOMA supports the view of FirstEnergy that the final decision for solicitation and procurement for SRECs should be left up to the individual EDCs. In addition, there should not be a "minimum amount of bidders requirement" on each RFP put out by the EDC or EGS that they must accept in order to procure SRECs. Similarly, there should also not be a limit to the amount of SRECs an EDC or EGS can procure from micro-sized, small or large projects. There is no guarantee as to how many projects will bid on a RFP put out by an EDC or EGS. Also, there is no guarantee that a certain percentage of micro, small or large projects will be available for EDCs or EGSs to procure SRECs from in order to meet the mandated requirements under the Alternative Energy Portfolio Standards Act. NOMA recommends that the only requirement should be that EDCs and EGSs procure enough SRECs to meet their statutory requirements. It should not matter how many projects or what sized projects the SRECs came from.

The New Oxford Municipal Authority looks forward to participating in this process to develop a policy statement in support of Pennsylvania's solar projects and looks forward to participating in any and all working group efforts to promote the continued success and growth of the solar market.

Respectfully submitted,

By: _____

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DATED: MARCH 23, 2010

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COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION

POLICY STATEMENT IN SUPPORT OF
PENNSYLVANIA SOLAR PROJECTS

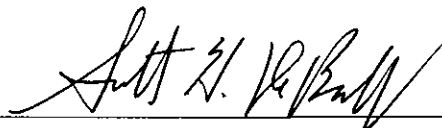
DOCKET No. M-2009-2140263

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing “**Reply COMMENTS ON BEHALF OF THE NEW OXFORD MUNICIPAL AUTHORITY TO THE INITIAL COMMENTS FILED BY PARTIES TO THE PA PUC’S SOLAR POLICY STATEMENT PROCEEDING**” was served on the Commonwealth of Pennsylvania Public Utility Commission along with the service list on this 23rd day of March, 2010.

Dated: March 23, 2010

By:



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