

**THE SOLAR
ALLIANCE
MEMBER
COMPANIES**

American Solar
Electric
Applied Materials
Borrego Solar
BP Solar
Conergy
Evergreen Solar
First Solar
Kyocera
Mainstream Energy
Mitsubishi Electric
Oerlikon Solar
Sanyo
Schott Solar
Sharp Solar
SolarCity
Solaria
Solar Power Partners
SolarWorld
SPG Solar
SunEdison
SunPower
SunRun
Suntech
Tioga Energy
Trinity Solar
UniRac
Uni-Solar

**Working with the
states to develop
cost-effective PV
policies and
programs.**



**BEFORE THE PUBLIC UTILITY COMMISSION
OF THE COMMONWEALTH OF PENNSYLVANIA**

Policy Statement in Support of Pennsylvania Solar
Projects.

Docket No. M-2009-2140263

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**REPLY COMMENTS OF THE SOLAR ALLIANCE ON
THE PROPOSED POLICY STATEMENT**

I. INTRODUCTION

In Solar Alliance's¹ comments, we expressed appreciation for the Public Utility Commission's demonstration of support for innovative programs aimed at advancing the delivery of solar energy. A substantial number of comments were submitted in support of the Proposed Policy Statement, of which a significant portion addressed the need for long term contracts, the use of a Request for Proposal (RFP) process, and the need for a separate process for promotion of small solar generators. Our Reply Comments are largely focused on areas where the Solar Alliance does not share the same opinion as another party that provided comments.

¹ These comments reflect the views of the trade association, not necessarily the views of any member company.

II. COMMENTS

A. Section 69.2902 – Definitions

The proposed Policy Statement includes in Sections 69.2901 – 69.2904 definitions for large-scale solar project and small-scale solar project. Two (2) of the commenters suggest revisions to those definitions.

PPL Companies comment that the Commission should raise the large-scale solar project threshold to 500 kW from the proposed 200 kW. PPL Companies believe that “the best way to jump start development of solar projects is to focus primary attention on truly large-scale projects.” (PPL Companies Reply comments at page 5) Accordingly, PPL Companies believe the use of a Request for Proposal process for the proposed large-scale project size (>200 kW) will cause incurrence of increased costs and administrative burdens for acquiring small quantities of SRECs from individual projects.

PPL Companies offer no factual support for its contention that raising the threshold from 200kW to 500kW changes the “administrative burden” or accomplishes overcoming one of the largest barriers to deploying small scale solar. In fact, the Sustainable Energy Fund would like to see the Commission go further and create a third category.

The Solar Alliance supports the language as originally drafted in the Proposed Policy Statement Definitions Section 69.2902. The Proposed Policy Statement is consistent with the PA Sunshine Program and the Commonwealth Financing Authority size requirements for

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participation in their programs. Since these programs are operating effectively and PPL has not offered any evidence as to why these categories should be altered, the Solar Alliance requests that the commission keep the current size categories consistent with existing programs.

We appreciate the support for small-scale projects from the majority of the parties, particularly the Office of Consumer Advocate, who is concerned about ratepayer impacts yet supports the proposed mechanism for small generator participation. Each customer class should benefit from the development of solar since all classes of customers pay for the AEPS. The Commission's Proposed Policy fairly balances costs by setting the price for small scale generators based on winning bids from a given large-scale RFP. This approach represents an important compromise in order to incent utilities to develop a small scale RFP process that does not burden ratepayers with higher prices for solar renewable energy credits. Small scale generators acknowledge that in order to encourage utility participation in a small scale generator RFP, the ratepayer impact of large and small scale deployment needs to be mitigated and the Commission's Proposed Policy accomplishes this goal by stating in §69.2903(i) that "the price negotiated for SRECs should not exceed the Commission approved average winning bid price in the EDC's most recent RFP for large-scale solar projects."

The Solar Alliance recommends the Commission develop a mechanism for monitoring all market segments to ensure they are adequately represented as the market grows. The Solar Alliance would appreciate the opportunity to be involved in any solar working group meetings *on this and other issues going forward.*

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**B. Section 69.2903 – RFPs to Establish SREC Values Recoverable
as a Reasonable Expense**

First Energy Companies recommend the Commission utilize a state-wide procurement process. First Energy Companies indicate that combining SRECs into one procurement would “potentially create a much greater interest in supplying SRECs because the SRECs solicitation volumes could be larger.” (First Energy Companies comments page 5) The Solar Alliance is concerned that a state-wide procurement program might have significant unintended consequences and the potential for the state to regress on the solar progress made to date. There may be variations of this approach which could preserve the progress to date, minimize administrative and government agency costs, and still provide the benefits of coordinated procurement. However, before an action is taken, the Commission should charge a work group to evaluate the options and their potential impact, and the Solar Alliance would appreciate the opportunity to participate in such effort.

C. Section 69.2904(a) – Standardized Contracts

The Policy Statement proposes the use of standardized contracts by the EDCs for purchasing solar alternative energy credits. The PPL Companies object to the use of a standard contract, arguing that “existing Commission-approved EDC default service contracts can provide an alternative form of contract for EDCs to use in their RFP procurement of SRECs.” Additionally, the PPL Companies indicate that they have completed three (3) procurements under their DSP, finding these existing contracts to be successful.

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The Solar Alliance has reviewed all three (3) of PPL Companies completed procurements referenced. As PPL Companies indicate, all three were successful, however it is important to note that these procurements are not appropriate benchmarks or points of comparison given that they procured a total of 200 renewable energy credits in those three procurements combined, which is approximately 2% of the individual procurements done by PECO and First Energy, and the terms were significantly less than 10 years. Furthermore, we understand at least one of the procurements was initially rejected by the PUC. The Solar Alliance does not agree with the assertion that this process is an appropriate comparison or an adequate substitute for standardized 10 year contracts as contemplated in the PUC Policy Statement and in the current work product of the Solar Assessment Group (SAG).

The use of a standardized contract by the EDCs provides for a simple and easily understood document for both small and large projects developers alike. These contracts will reduce complexity and cost for both the industry and the rate-payers. The industry has successfully reduced the cost of solar energy in the last decade and changes to contracts which add both complexity and cost will work against these trends. Such changes may also impact project financing, which could limit market participation and broadly impact the development of solar energy in Pennsylvania. The Solar Alliance does agree with Community Energy's statement regarding large-scale projects "allowing for the negotiation of minor contract provisions" (Community Energy comments page 1) provided those minor changes are small, reasonable, mutually agreed to by all parties involved, and occur post-bid. We feel this provides reasonable flexibility while preserving the core benefits of standardized contracts.

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D. Section 69.2904(b) – Contracts with Solar Aggregators

The Commission's Proposed Policy Statement encourages the ECDs to execute master agreements with solar aggregators to obtain SRECs from various sources. The Solar Alliance agrees that aggregators should be allowed to participate in both large-scale and small-scale RFPs. Additionally, we feel the evaluation criteria should be the same for both aggregators and non-aggregators alike.

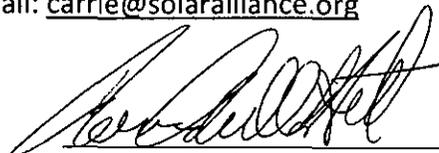
III. CONCLUSION

The Solar Alliance appreciates all the effort the Public Utility Commission has made to resolve barriers to solar through the Proposed Policy Statement and through the Solar Assessment Group and we strongly support quick adoption of both of its initiatives with a few modifications. We look forward to the Solar Working Group continuing its work to resolve the barriers to solar deployment.

Respectfully submitted this 23 day of March 2010, at Harrisburg, Pennsylvania.

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By



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