Via Electronic Mail and Electronic Filing
December 8, 2012

Commonwealth of Pennsylvania
Secretary's Bureau
Pennsylvania Public Utility Commission
400 North Street
Keystone Building
2nd Floor, Room-N201
Harrisburg, PA 17120

Re: Dockets No. I-2011-2237952	Investigation of Pennsylvania's Retail Electricity Market: End State of Default Service

Dear Secretary Rosemary Chiavetta:

Please find the attached comments by the Pennsylvania Solar Energy Industry Association (PASEIA) and Mid-Atlantic Solar Energy Association's (MSEIA) regarding the *Tentative Order on the Investigation of Pennsylvania's Retail Electricity Market: End State of Default Service, Docket No. I-2011-2237952*.

Please do not hesitate to contact me should you have any questions.

Respectfully Submitted,

Ron Celentano
PASEIA's President
MSEIA's V.P. for Pennsylvania
7621 Flourtown Ave.
Wyndmoor, PA 19038
215-856-9958
CelentanoR@aol.com

Enclosures

Before the Pennsylvania Public Utility Commission

Investigation of Pennsylvania's Retail Electricity Market: End State of Default Service
Docket No. I-2011-2237952

COMMENTS FROM THE PENNSYLVANIA SOLAR ENERGY INDUSTRIES ASSOCIATION (PASEIA)

AND THE MID-ATLANTIC SOLAR ENERGY INDUSTRIES ASSOCIATION (MSEIA)

Via Electronic Mail and Electronic Filing
December 8, 2012

Submitted by: Ron Celentano, PASEIA's President & MSEIA's V.P. for Pennsylvania
7821 Flourtown Ave.
Wyndmoor, Pa. 19038
215-836-9958
CelentanoR@aol.com

Introduction

Pennsylvania Solar Energy Industries Association (PASEIA) and the Mid-Atlantic Solar Energy Industries Association (MSEIA) appreciate the opportunity to submit comments on the *Tentative Order on the Investigation of Pennsylvania's Retail Electricity Market: End State of Default Service.*

MSEIA is a not-for-profit trade association of companies and businesses working in New Jersey, Pennsylvania and Delaware involved in the development, manufacturing, design, construction and installation of solar photovoltaic (PV) and solar thermal systems. MSEIA is the local chapter of the national Solar Energy Industries Association (SEIA), which has nearly 1,000 members, including solar equipment manufacturers, installation companies, financing companies, and electric utilities. PASEIA, a division of MSEIA, has a Pennsylvania focus and currently represents over 30 solar businesses.

We commend the Pennsylvania Public Utility Commission (Commission) for filing this Tentative Order on the Investigation of Pennsylvania's Retail Electricity Market (RMI), for this is nearly the final stage before implementing a proposed default service model which is expected to increase the market penetration of customers being served by electric generation suppliers (EGS). MSEIA/PASEIA particularly applauds the Commission for reaching out to a broad range of stakeholders many times and in different ways for their input during this long investigation.

We have very brief comments on some of the Tentative Order, but also want to include comments on net metering.

<u>Existing Long-Term Alternative Energy Credits Contracts</u>

MSEIA/PASEIA supports the Commission's proposal to maintain all presently-effective alternative energy credit (AEC) contracts regardless of any changes to default service, and that they will be handled on a case-by-case basis.

<u>Future Long-Term Alternative Energy Credits Contracts</u>

The Commission makes is clear in the Tentative Order that they are aware of the benefits of long-term AEC contracts with regard to complying with the Alternative Energy Portfolio Standard (AEPS) requirements; long-term contracts minimize the risk and volatility to developers, aggregators and ratepayers.

Per the Commission's request for comments on this topic, MSEIA/PASEIA urges that the EDCs acquire a significant portion of the AEPS requirement, mostly through long and medium-term contracts, regardless whether the EDC is the default supply provider. Specifically, we strongly recommend that the Commission require EDCs to procure 50% of the total annual required Tier I AECs and SAECs for its service territory through a mixture of 50% long-term (10 year) and 50% medium-term (5 year) AEC and SAEC contracts. The other half of the AEC/SAEC requirement can be procured on the spot market or through short-term contracts by the EGSs. The procured AEC/SAECs would be retired on behalf of EGSs and itself on a pro-rata basis depending on distribution of retail load in the service territory. The costs could be recovered through a non-bypassable rider.

Net Metering Issues

MSEIA/PASEIA feels the need to comment on the lack of language on net metering in the *Investigation of Pennsylvania's Retail Electricity Market: End State of Default Service Tentative Order* (November 8, 2012) or in the *Secretarial Letter* (September 27, 2012). MSEIA/PASEIA, as well as others have raised net metering as an issue with default service in various formats held by the commission. We appreciate the opportunity to address it in this Tentative Order.

Background

Two of the most common net metering mechanisms are *full annual net metering* and *net excess generation (NEG) net metering*. The latter is often known as monthly net metering which typically includes full net metering within a billing cycle, but with no credit for any monthly surplus generation. The most restrictive form of NEG net metering excludes retail credit for *any* exported generation (not necessarily based on the balance at the end of a billing cycle).

In Pennsylvania, net metering's definition includes language that requires "full retail value for all energy produced on an annual basis"[1]. Full annual retail value includes generation, transmission and distribution if the customer-generator remains with their default supply provider (DSP), which currently is the same as the electric distribution company (EDC). The commission's Net Metering Final Order further defines how net metering billing is to be accomplished and includes a provision for crediting monthly surpluses toward the next billing cycle.

However, for customer-generators that choose an EGS in place of their DSP, the current regulation is silent with regard to requiring the EGS to comply with net metering rules and provide credit to customer-generators for excess generation.

[1] Act #35 , 2007 amended P.L. 1672, No.213§5 p.28

MSEIA/PASEIA Concerns

MSEIA/PASEIA sees an opportunity for net metering to get more muddled during a shift in default service. We are concerned that as electric generation suppliers (EGS) take on the role of the default supply provider (DSP), they will not acknowledge the same requirements or have the experience with net metering as the electric distribution companies. None of the EGSs provide full net metering credit that properly accounts for all the on-site generation produced, unless the customer-generator never exports any on-site generation to the grid. Current EGS practice is to charge the customer-generator for any grid electricity used, and ignore any excess generation from the customer-generator, or they bill the customer-generator based on the monthly net energy value determined by the EDC (imported kWh minus exported kWh, hence monthly net metering credit), but none of the EGSs credit monthly surpluses toward the next billing cycle.

Furthermore, how a designated EGS who serves as the DSP handles virtual net metering billing is a related concern. Virtual net metering is used for multiple electric accounts under the same name, where an on-site generation source is physically interconnected at one site, and it offsets the electric bill of that account, as well as the electric bills of other secondary accounts within a two mile radius. Even the EDCs have not properly credited virtual net metering customers for their excess generation and information has not been consistent or always accurate, and least of all transparent.

All EGSs Should Comply With Net Metering Regulations

MSEIA/PASEIA respectfully asks the commission to explicitly preserve the current net metering rules and require all default service providers in the final Retail Market Implementation Order to comply with the Net Metering Final Order or make the necessary changes to ensure customer-generators are protected. The value of the net metering credit has been one of the factors that help the economics of installing a customer generator system. Customer-generators are financially disadvantaged if they choose an EGS because they will not receive full retail value for their exported energy. This will continue to be a barrier to shopping for the thousands of Pennsylvanians who are customer-generators.

Thank you for the opportunity to comment.