December 12, 2012

Rosemary Chiavetta, Secretary
Pennsylvania Public Utilities Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Re: Comments on the Pennsylvania Public Utilities Commission's Tentative Order in the investigation of Pennsylvania's Retail Electricity Market, Docket Number I-2011-2237952

Dear Secretary Chiavetta:

EverPower Wind Holdings, Inc. appreciates the opportunity to comment on the Public Utilities Commission's Tentative Order of November 8, 2012.

Please feel free to contact us if you have any questions.

Sincerely,

Michael Speerschneider, Senior Director
EverPower Wind Holdings, Inc.

BEFORE THE
PENNSYLVANIA PUBLIC UTILITIES COMMISSION

INVESTIGATION OF	:	
PENNSYLVANIA'S RETAIL	:	DOCKET NO. I-2011-2237952
ELECTRICITY MARKET	:	

COMMENTS OF EVERPOWER WIND HOLDINGS, INC.
TO THE NOVEMBER 8, 2012 TENTATIVE ORDER

INTRODUCTION

EverPower Wind Holdings, Inc. (EverPower) is a developer, owner/operator of utility scale wind energy facilities. EverPower has been active in Pennsylvania since about 2005, constructing its first wind project, the 62.5 megawatt (MW) Highland Wind Farm in Cambria County, in 2008. Since then, EverPower built the 75 MW Highland North Wind Farm and is currently constructing the 139.4 MW Twin Ridges Wind Farm and the 30 MW Patton Wind Farm. By the end of 2012, EverPower anticipates that it will be operating about 310 MW in the State, making it the largest owner/operator of wind farms in Pennsylvania.

To support EverPower's commitment to Pennsylvania, the company has recently shift its corporate headquarters from New York City to Pittsburgh and now employs about 40 people in the Pittsburgh office, and has supported hundreds of jobs and about $500,000,000 in capital investment across Pennsylvania through its construction and operation activities. Selling both to electric power and Renewable Energy Credits (REC), competitive markets in Pennsylvania are extremely important to our business. EverPower appreciates opportunity to comment on the Public Utilities Commission's (PUC) November 8, 2012 Tentative Order regarding Pennsylvania's retail electric markets.

EverPower supports the PUC's interest in improving the procurement mechanisms for Long-Term Alternative Energy Credit contracts. Long-term procurement will result in more new wind energy projects and bring long term price stability to Pennsylvania consumers. The proposal will also result in a highly competitive process that will ensure that consumers get the lowest cost alternative and will allow both renewable energy operators and Electric Distribution Companies (EDC) the ability to plan with long-term certainty, and therefore, plan more cost effectively.

Support of MAREC Comments

As a member of the Mid-Atlantic Renewable Energy Coalition (MAREC), EverPower endorses and supports the comments submitted by MAREC related to the November 8, 2012 Tentative Order and MAREC's proposal for competitive long-term contracting.

For all the reasons MAREC has outlined in their comments, EverPower agrees with MAREC that the Commission should require EDCs to engage in long-term (5-year and 10-year) AEC contracting. Long-term contracts have many benefits for both consumers and investors, and they are essential for new generation resources. These contracts allow new generators to recover capital costs with revenue certainty, achieve improved financing due to decreased costs, and align the regulatory market mechanism with the needs of future new generation developments. New generation developments will be required to meet growing AEPS demand.

Short-term REC markets tend to create volatile prices that do not adequately incentive the construction of new generators. Not only are volatile prices undesirable from a consumer perspective, but also a high price signal in one year is insufficient to justify a more than twenty year investment in new generators. A long-term AEC market mechanism of ten and five years achieves price stability that is beneficial for both investors and Pennsylvania consumers.

Additional EverPower Comments

The comments and arguments made by MAREC provide strong rationale for long-term contracts. EverPower does not believe this requirement should be limited to 50% of future AEPS demand. Differing from the MAREC comments, EverPower proposes the requirement be that 100% of the future AEPS demand be procured in long-term (5 year to 10 year) or longer contracts. Uncertainties in the total quantity of AECs required during any given time frame may also necessitate providing the EDCs with the ability to contact for limited quantities of spot market purchases when needed to supplement previously contracted quantities. This procurement program would provide a sustainable incentive for new generation and would stabilize power prices for consumers.

Construction of a prudent resource portfolio, which minimizes cost and risk to ratepayers, should also consider contracts with 10 to 20 year contract durations. We believe there are additional risk benefits to consumers associated with multiple contract durations as well as competitive benefits from the financing efficiencies (and, therefore, price reductions) that 20 year contracts will introduce.

In addition to MAREC's comments, EverPower would also suggest that the function of providing a procurement plan for Tier I, Tier II and Solar AECs be fulfilled by the EDC, regardless of whether it has the default service obligation. Given that the PUC recommends that EDCs maintain their status as the default service provider (page 13, Tentative Order), it is most appropriate that the EDC also fulfill the long-term AEC procurement function. An entity that has been assigned the default service obligation may have a shorter term, or less permanent, view of its obligation and therefore AEC contracts may be biased toward shorter term benefits rather than toward long-term sustainability. In addition, the procurement plan should require that bids include facility-specific AECs.

Long-Term Contracts and Competition

In regards to the COMPETE Coalition's December 6, 2012 comments, EverPower believes the proposal for long-term AEC contracting is absolutely necessary to achieve the Commonwealth's AEPS goals provide price stability and minimize risk to consumers. Contrary to COMPETE's position, long-term contracts, so long as they are competitively procured, are "market-based" and will not harm Pennsylvania's competitive retail electricity market. Short term contracts are *not* a requirement for a "market-based" retail electric market.

Furthermore, we recognize that AEC profit margins or "mark ups" for electric generator suppliers (EGS) who make sales in the retail and wholesale markets may be adversely affected when compliance AECs are no longer part of the bundled electric power product sold to consumers. This proposal does not preclude the wholesale and retail EGSs from continuing to develop new and innovative electric power products which incorporate voluntary quantities of renewable energy; even up to 100% renewable products. As in other de-regulated markets, product innovations such as this will support the maintenance of a robust competitive market. However, the PUC's decision should not be based on preserving the current beneficiaries and status quo of Pennsylvania's retail electricity market. By introducing long-term AEC procurements, the PUC will provide a retail market that will benefit all EGSs (not just those sell to retail markets), EDCs and, ultimately, consumers.

Thank for your consideration,

Michael Speerschneider
Senior Director of Permitting and Government Affairs