



17 North Second Street
12th Floor
Harrisburg, PA 17101-1601
717-731-1970 Main
717-731-1985 Main Fax
www.postschell.com

Christopher T. Wright

cwright@postschell.com
717-612-6013 Direct
717-731-1985 Direct Fax
File #: 2507/140072

June 13, 2014

VIA HAND DELIVERY

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

**Re: Petition of PPL Electric Utilities Corporation for a Declaratory Order To Resolve
Uncertainty Regarding Whether Certain Applicants Qualify As a "Customer-
Generator" Eligible To Participate in Net Metering
Docket No. P-2012-2420902**

Dear Secretary Chiavetta:

Enclosed please find the Reply of PPL Electric Utilities Corporation to the New Matter and Counterclaim of Sunrise Energy, LLC in the above-referenced proceeding. Copies will be provided as indicated on the Certificate of Service.

Respectfully submitted,

Christopher T. Wright

CTW/skr
Enclosure

cc: Certificate of Service

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PPL Electric Utilities :
Corporation for a Declaratory Order :
To Resolve Uncertainty Regarding : P-2012-2420902
Whether Certain Applicants Qualify :
As a "Customer-Generator" Eligible :
To Participate in Net Metering :

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**REPLY OF PPL ELECTRIC UTILITIES CORPORATION
TO THE NEW MATTER AND COUNTERCLAIM
OF SUNRISE ENERGY, LLC**

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

PPL Electric Utilities Corporation ("PPL Electric") hereby submits this Reply to the New Matter and Counterclaim filed by Sunrise Energy, LLC ("Sunrise") in response to the above-captioned Petition. The purpose of the above-captioned Petition is to resolve the substantial uncertainty regarding whether certain net metering applicants that do not have electric load, independent of the alternative energy system, behind the meter and point of interconnection of the alternative energy system, are eligible to participate in net metering under the Alternative Energy Portfolio Standards Act ("AEPS Act"), 73 P.S. §§ 1648.1 – 1648.8 and 66 Pa.C.S. § 2814, and the Pennsylvania Public Utility Commission's ("Commission") net metering regulations, 52 Pa. Code §§ 75.11. On May 28, 2014, Sunrise filed an Answer, New Matter, and Counterclaim to PPL Electric's Petition. Pursuant to 52 Pa. Code § 5.63, PPL Electric herein submits this Reply to the separately numbered paragraphs of Sunrise's New Matter and Counterclaim. For the reasons explained below, as well as those more fully explained in PPL

Electric's Petition, Sunrise's New Matter should be denied and Sunrise's Counterclaim should be dismissed.

Before addressing the averments and claims set forth in Sunrise's New Matter and Counterclaim, PPL Electric notes, as a preliminary matter, that the averments in its Petition take no position on whether the subject alternative energy systems, including Sunrise's proposed facilities, should be found to qualify for and be eligible to participate in net metering. Rather, given the substantial uncertainty presented by the Commission's Proposed Rulemaking Order regarding the requirements to qualify as a "customer-generator" eligible to participate in net metering, *see Implementation of the Alternative Energy Portfolio Standards Act of 2004*, Docket NO. L-2014-2404361 (Proposed Rulemaking Order entered February 20, 2014), PPL Electric seeks guidance and instruction from this Commission on whether certain net metering applicants are eligible to participate in net metering.

If the Commission ultimately determines in this proceeding that the subject alternative energy systems, including Sunrise's facilities, should be subsidized by PPL Electric's ratepayers through net metering, PPL Electric will process the interconnection application and permit these alternative energy systems to participate in net metering. Alternatively, if the Commission ultimately determines in this proceeding that these alternative energy systems, including Sunrise's facilities, should not be subsidized by PPL Electric's ratepayers and, instead, should be required to sell the excess in the wholesale electric market in competition with other similarly situated merchant generators, PPL Electric will fully permit these alternative energy systems to interconnect with PPL Electric's system consistent with and upon review and approval through the PJM Interconnection LLC ("PJM") generation interconnection process. However, before the alternative energy systems may be interconnected with PPL Electric's system, PPL Electric

seeks Commission guidance on whether the alternative energy systems should be interconnected as net metering “customer-generators” through PPL Electric’s net metering interconnection process, or as “merchant generators” through PJM’s generation interconnection process.

In support of the foregoing, PPL Electric responds to each of the separately numbered paragraphs of Sunrise’s New Matter and Counterclaim as follows:

I. REPLY TO NEW MATTER

32. PPL Electric incorporates Paragraphs 1 through 31 of its Petition as though fully set forth herein.

33. Denied. It is expressly denied that PPL Electric’s Petition is “premature.” As stated in Paragraphs 17 through 24 of the Petition, PPL Electric received four net metering applications (three of which were from Sunrise). Based upon a review of the net metering applications, it does not appear that there will be independent electric load that will have a purpose other than to support the operation, maintenance, or administration of the alternative energy systems. As a result, it is unclear whether the alternative energy systems that are the subject of the pending net metering applications are eligible for net metering. Thus, there is a direct, substantial, and present controversy or uncertainty to be resolved in PPL Electric’s Petition. *See Council 13, AFSCME v. Cmwlth.*, 954 A.2d 706, 716 (Pa. Cmwlth. 2008) (in order to establish a claim for declaratory relief, a petition “must allege an interest by the party seeking relief which is direct, substantial and present ... and must demonstrate the existence of an actual controversy related to the invasion or threatened invasion of one’s legal rights”).

In further response, the fact that the formal rulemaking procedures have not yet been completed for Commission’s Proposed Rulemaking Order is of no moment to PPL Electric’s Petition. Sunrise’s averment disregards that, under the AEPS Act and the

Commission's net metering regulations, net metering is available only to a customer-generator where the electricity generated by the alternative energy system is used to offset part or all of the customer-generator's requirements for electricity. Sunrise's averment also disregards that PPL Electric's tariff similarly provides that net metering is available only to installations where any portion of the electricity generated by the renewable energy generating system offsets part or all of the customer-generator's requirements for electricity. Finally, Sunrise's averment ignores that the Commission's Proposed Rulemaking Order expressly states that the requirement for net metering customer-generators to have electric load, independent of the alternative energy system, "provide[s] clarity and guidance in accordance with the intent of the AEPS Act" and "makes explicit what was previously implied in the AEPS Act and the regulations." *See Proposed Rulemaking Order, Slip Op. at pp. 5, 11.* Clearly there is an actual case and controversy with respect to whether the four net metering applications qualify for net metering regardless of the status of the formal rulemaking procedures for the Commission's Proposed Rulemaking Order.

34. Denied. Paragraph 34 of Sunrise's New Matter is a legal conclusion, to which no responsive pleading is required. In further response, PPL Electric's Petition does not aver a "cause of action" as against any party as suggested by Paragraph 34 of Sunrise's New Matter. Indeed, PPL Electric's Petition takes no position on whether the alternative energy systems at issue qualify for net metering. Rather, PPL Electric's Petition requests, pursuant to 66 Pa.C.S. § 331(f) and 52 Pa. Code § 5.42, that the Commission issue a declaratory order to resolve uncertainty regarding whether the alternative energy systems qualify as a "customer-generator" eligible to participate in net metering. The fact that Sunrise has filed an Answer and New Matter averring that independent electric load is not required by the AEPS Act (*see* Paragraph 35 of the Sunrise New Matter) in and of itself demonstrates that there is an actual controversy and

uncertainty regarding whether the alternative energy systems at issue qualify as a “customer-generator” eligible to participate in net metering.

35. Denied. Paragraph 35 of Sunrise’s New Matter is a legal conclusion, to which no responsive pleading is required. In further response, PPL Electric’s Petition does not interpret the AEPS Act or otherwise advocate that the Commission reach a specific result in this case. Rather, PPL Electric seeks guidance and instruction from the Commission on whether certain alternative energy systems are eligible to participate in net metering. If the Commission ultimately determines in this proceeding that the subject alternative energy systems, including Sunrise’s facilities, should be subsidized by PPL Electric’s ratepayers through net metering, PPL Electric will process the interconnection application and permit these alternative energy systems to participate in net metering. Alternatively, if the Commission ultimately determines in this proceeding that these alternative energy systems, including Sunrise’s facilities, should not be subsidized by PPL Electric’s ratepayers and, instead, should be required to sell the excess generation in the wholesale electric market in competition with other similarly situated merchant generators, PPL Electric will fully permit these alternative energy systems to interconnect with PPL Electric’s system consistent with and upon review and approval through the PJM generation interconnection process.

WHEREFORE, PPL Electric Utilities Corporation respectfully requests that the Pennsylvania Public Utility Commission deny the averments, claims, and allegations set for in the New Matter of Sunrise Energy, LLC.

II. REPLY TO COUNTERCLAIM

36. PPL Electric incorporates Paragraphs 1 through 31 of its Petition and Paragraphs 32 through 35 of its Reply to New Matter as though fully set forth herein.

37. Denied. The averments set forth in Paragraph 37 of Sunrise's Counterclaim refer to a written document, the terms of which speak for themselves. Any interpretation, characterization, or selective quotation thereof is denied. In further response, it is denied that Sunrise submitted an "interconnectivity application" for its Beavertown facility. By way of further response, on or about March 11, 2014, Sunrise submitted a "net metering application" for a new photovoltaic alternative energy system to be constructed in Beavertown, Pennsylvania 17813. In further response, PPL Electric incorporates Paragraphs 19 and 20 of its Petition as though fully set forth herein.

38. Admitted in part and denied in part. The averments set forth in Paragraph 38 of Sunrise's Counterclaim refer to a written document, the terms of which speak for themselves. Any interpretation, characterization, or selective quotation thereof is denied. In further response, it is admitted that PPL Electric initially denied Sunrise's net metering application for the photovoltaic alternative energy system to be constructed in Beavertown, Pennsylvania 17813. However, Paragraph 39 of Sunrise's Counterclaim concedes that Sunrise was subsequently advised in advance that PPL Electric would be filing the pending Petition to request a determination of whether Sunrise's proposed alternative energy system qualifies as a "customer-generator" eligible to participate in net metering.

39. Denied. The averments set forth in Paragraph 39 of Sunrise's Counterclaim refer to a written document, the terms of which speak for themselves. Any interpretation, characterization, or selective quotation thereof is denied. In further response, Paragraph 39 of Sunrise's Counterclaim concedes that Sunrise was fully advised in advance that PPL Electric

would be filing the pending Petition to request a determination of whether Sunrise's proposed alternative energy system qualifies as a "customer-generator" eligible to participate in net metering.

40. Denied. The averments set forth in Paragraph 40 of Sunrise's Counterclaim refer to a written document, the terms of which speak for themselves. Any interpretation, characterization, or selective quotation thereof is denied. In further response, it is denied that Sunrise submitted an "interconnectivity application" for its East Berwick facility. By way of further response, on or about March 30, 2014, Sunrise submitted a "net metering application" for a new photovoltaic alternative energy system to be constructed in Berwick, Pennsylvania 18603. *In further response, PPL Electric incorporates Paragraphs 21 and 22 of its Petition as though fully set forth herein.*

41. Denied. The averments set forth in Paragraph 41 of Sunrise's Counterclaim refer to a written document, the terms of which speak for themselves. Any interpretation, characterization, or selective quotation thereof is denied. In further response, Paragraph 41 of Sunrise's Counterclaim concedes that Sunrise was fully advised in advance that PPL Electric would be filing the pending Petition to request a determination of whether Sunrise's proposed alternative energy system qualifies as a "customer-generator" eligible to participate in net metering.

42. Denied. The averments set forth in Paragraph 42 of Sunrise's Counterclaim refer to a written document, the terms of which speak for themselves. Any interpretation, characterization, or selective quotation thereof is denied. In further response, it is denied that Sunrise submitted an "interconnectivity application" for its Beach Haven facility. By way of further response, on or about April 16, 2014, Sunrise submitted a "net metering application" for a

new photovoltaic alternative energy system to be constructed in Beach Haven, Pennsylvania 18601. In further response, PPL Electric incorporates Paragraphs 23 and 24 of its Petition as though fully set forth herein.

43. Denied. The averments set forth in Paragraph 43 of Sunrise's Counterclaim refer to a written document, the terms of which speak for themselves. Any interpretation, characterization, or selective quotation thereof is denied. In further response, Paragraph 43 of Sunrise's Counterclaim concedes that Sunrise was fully advised in advance that PPL Electric would be filing the pending Petition to request a determination of whether Sunrise's proposed alternative energy system qualifies as a "customer-generator" eligible to participate in net metering.


44. Denied. The averments set forth in Paragraph 44 of Sunrise's Counterclaim are legal conclusions, to which no responsive pleading is required.

45. Denied. The averments set forth in Paragraph 45 of Sunrise's Counterclaim are legal conclusions, to which no responsive pleading is required. In further response, before the alternative energy systems may be interconnected with PPL Electric's system, it must first be determined whether the alternative energy systems should be interconnected as net metering "customer-generators" through PPL Electric's net metering interconnection process, or as "merchant generators" through PJM's generation interconnection process. Section 75.51 of the Commission's regulations clearly contemplates that a party may seek Commission guidance to resolve uncertainty or any dispute regarding interconnections. *See* 52 Pa. Code § 75.51. PPL Electric's pending Petition is consistent with the rights and remedies contemplated by Section 75.51.

WHEREFORE, PPL Electric Utilities Corporation respectfully requests that the Pennsylvania Public Utility Commission dismiss the averments, claims, and allegations set for in the Counterclaim of Sunrise Energy, LLC.

Respectfully submitted,

Paul E. Russell (Pa. Bar I.D. 21643)
Associate General Counsel
PPL Services Corporation
Two North Ninth Street
Allentown, PA 18101
Phone: 610-774-4254
Fax: 610-774-6726
E-mail: perussell@pplweb.com


David B. MacGregor (Pa. Bar I.D. 28804)
Christopher T. Wright (Pa. Bar I.D. 203412)
Post & Schell, P.C.
17 North Second Street
12th Floor
Harrisburg, PA 17101-1601
Phone: 717-731-1970
Fax: 717-731-1985
E-mail: dmacgregor@postschell.com
E-mail: cwright@postschell.com

Date: June 13, 2014

Attorneys for PPL Electric Utilities Corporation

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VERIFICATION

I, James M. Rouland, being the Supervisor – Energy Procurement at PPL Electric Utilities Corporation, hereby state that the facts above set forth are true and correct to the best of my knowledge, information and belief and that I expect PPL Electric Utilities Corporation to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 relating to unsworn falsification to authorities.

Date: 6/13/2014


James M. Rouland

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

VIA FIRST CLASS MAIL

Bureau of Investigation & Enforcement
Commonwealth Keystone Building
400 North Street, 2nd Floor West
PO Box 3265
Harrisburg, PA 17105-3265

Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923

Steven Gray, Esquire
Office of Small Business, Advocate
300 North Second Street, Suite 1102
Harrisburg, PA 17101

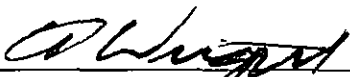
William Napikoski
Mid-Atlantic Green Builders, LLC
51 Old 22 Road

Lewistown, PA 17044
A. Michael Gianantonio
The Law Offices of A. Michael Gianantonio
Suite 2900, 310 Grant Street
Pittsburgh, PA 15219

Robert F. Daley
D. Aaron Rihn
Robert Peirce & Associates, P.C.
2500 Gulf Tower
707 Grant Street
Pittsburgh, PA 15219

Robert D. Knecht
Consultant for OSBA
Industrial Economics Incorporated
2067 Massachusetts Avenue
Cambridge, MA 02140

Date: June 13, 2014



Christopher T. Wright

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