



Pennsylvania Public Utility Commission
400 North Street
Commonwealth Keystone Building, 2nd Floor
Harrisburg, Pennsylvania 17120

July 4, 2014

To the Pennsylvania PUC:

In the latest proposed rulemaking, the Commission routinely refers to “unfair ratepayer subsidies” as the impetus for some of their proposed changes. This term is used multiple times, but never backed up with data. Given the profound and chilling impact these changes will have on renewable energy in Pennsylvania, the Commission cannot use vague terms as justification for their actions. It is incumbent upon them to provide an accurate accounting in support of their claims.

Attached to this letter is the relevant section of the AEPS Act that spells out the mechanism to be used by EDCs to recover costs associated with AEPS Act compliance. This is the sole means by which an EDC can recover their AEPS expenses. Sunrise Energy submitted multiple requests to the PUC to review these reports from the EDCs, since they clearly must contain the information pointing to unfair subsidies. It turns out that the Commission cannot produce the reports, nor do they even audit this important aspect of the AEPS Act. In short; they have no idea how much cost recovery is actually occurring (if any). Therefore, their proposed notion of ratepayer harm is essentially based on a “hunch”.

Renewable energy providers are held to a high standard when it comes to reporting their data. In fact, the proposed rulemaking provides for penalties when Alternative Energy Credits are reported improperly. It is the height of hypocrisy for the PUC to demand such attention to detail of customer-generators, but allow themselves the luxury of “shooting from the hip”. This situation cannot stand.

Any aspect of the proposed rulemaking that is based on alleged “unfair subsidies” should be rescinded until the PUC can produce data backing up their claims. Given what is at stake, no one in the renewable energy industry is prepared to simply take their word for it. Surely the Commission wants to provide the highest levels of transparency, and will comply with this request.

Regards,

David N. Hommrich
President
Sunrise Energy, LLC



AEPS Act References

73 P.S. § 1648.3. Alternative energy portfolio standards

(3) All costs for:

(i) the purchase of electricity generated from alternative energy sources, including the costs of the regional transmission organization, in excess of the regional transmission organization real-time locational marginal pricing, or its successor, at the delivery point of the alternative energy source for the electrical production of the alternative energy sources; and

(ii) payments for alternative energy credits,

in both cases that are voluntarily acquired by an electric distribution company during the cost recovery period on behalf of its customers shall be deferred as a regulatory asset by the electric distribution company and fully recovered, with a return on the unamortized balance, pursuant to an automatic energy adjustment clause under 66 Pa.C.S. § 1307 (relating to sliding scale of rates; adjustments) as a cost of generation supply under 66 Pa.C.S. § 2807 (relating to duties of electric distribution companies) in the first year after the expiration of its cost-recovery period. After the cost recovery period, any direct or indirect costs for the purchase by electric distribution of resources to comply with this section, including, but not limited to, the purchase of electricity generated from alternative energy sources, payments for alternative energy credits, cost of credits banked, payments to any third party administrators for performance under this act and costs levied by a regional transmission organization to ensure that alternative energy sources are reliable, shall be recovered on a full and current basis pursuant to an automatic energy adjustment clause under 66 Pa.C.S. § 1307 as a cost of generation supply under 66 Pa.C.S. § 2807.