



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

July 23, 2014

Docket Number: L-2014-2404361

In their attempt to re-engineer the AEPS Act, the PUC insists that renewable energy systems must primarily exist to serve onsite load, despite clear statutory language to the contrary. The attached page shows several examples of this. The Commission's position on non-generation load, and their 110% rule are indicators of their wish to cap renewable energy to only what is needed at a given location. They attempt to classify customer-generators as a "merchant generator" if they operate within the statutory parameters in the act, but also create excess energy. Regardless of what the Commission thinks, the statute clearly contemplates excess generation from net metering. In fact, it spells out the means by which a customer-generator is to be compensated when excess generation occurs.

The PUC claims they are pursuing these changes to prevent excessive ratepayer subsidies, yet they are unable or unwilling to produce any evidence of ratepayer harm. Their working theory is that when an EDC purchases renewable energy from a customer-generator, cost-recovery is ultimately borne by the ratepayer. However, in a recent open records request it was discovered that the PUC does not even audit the cost-recovery scheme that is mandated in the AEPS Act. Nor can they produce a report that shows the magnitude of the "problem" they are seeking to solve. In short, the PUC does not even know for certain that cost recovery is happening, let alone that it is being done accurately or per the statutory mandate. Yet they are pursuing changes that will definitely harm the renewable energy industry, which the PA General Assembly mandated them to protect and grow (see below).

73 P.S. § 1648.7. Interagency responsibilities

(a) COMMISSION RESPONSIBILITIES.-- The commission will carry out the responsibilities delineated within this act. The commission also shall, in cooperation with the department, conduct an ongoing alternative energy resources planning assessment for this Commonwealth. This assessment will, at a minimum, identify current and operating alternative energy facilities, the potential to add future alternative energy generating capacity and the conditions of the alternative energy marketplace. The assessment will identify needed methods to maintain or increase the relative competitiveness of the alternative energy market within this Commonwealth. (emphasis added)

As the IRRC and other reviewing bodies read the many comments on the proposed rulemaking, hopefully some basic issues will be considered.

1. Does the statute allow for the sale of renewable energy by customer-generators or not?
2. Are there any constraints (other than system size) for the number of customer-generators in the state or the amount of excess energy that they may produce?
3. Is there any statutory condition whereby a customer-generator can simultaneously be compliant with the statute, but also designated a utility / merchant generator (and thus become ineligible for net metering)?

The PUC does not produce statutory references in support of their claims. Instead they declare the need to clarify that which is already clear. This sort of "end around" of the legislative process may not be allowed to stand. Hopefully this is foremost in the minds of all who are reviewing the proposed rules versus the existing statute.

Regards,

David N. Hommrich
President
Sunrise Energy, LLC



AEPS Act References

1. Descriptive Title of the AEPS Act

“Providing for the sale of electric energy generated from renewable and environmentally beneficial sources, for the acquisition of electric energy generated from renewable and environmentally beneficial sources by electric distribution and supply companies and for the powers and duties of the Pennsylvania Public Utility Commission.” (emphasis added)

2. 73 P.S. § 1648.2 – Definition of Alternative Energy System

"ALTERNATIVE ENERGY SYSTEM." A facility or energy system that uses a form of alternative energy source to generate electricity and delivers the electricity it generates to the distribution system of an electric distribution company or to the transmission system operated by a regional transmission organization. (emphasis added)

3. 73 P.S. § 1648.2 – Definition of Customer Generator

"CUSTOMER-GENERATOR." A nonutility owner or operator of a net metered distributed generation system with a nameplate capacity of not greater than 50 kilowatts if installed at a residential service or not larger than 3,000 kilowatts at other customer service locations, except for customers whose systems are above three megawatts and up to five megawatts who make their systems available to operate in parallel with the electric utility during grid emergencies as defined by the regional transmission organization or where a microgrid is in place for the primary or secondary purpose of maintaining critical infrastructure, such as homeland security assignments, emergency services facilities, hospitals, traffic signals, wastewater treatment plants or telecommunications facilities, provided that technical rules for operating generators interconnected with facilities of an electric distribution company, electric cooperative or municipal electric system have been promulgated by the Institute of Electrical and Electronic Engineers and the Pennsylvania Public Utility Commission. (emphasis added)

4. 73 P.S. § 1648.2 – Definition of Net Metering

"NET METERING." The means of measuring the difference between the electricity supplied by an electric utility and the electricity generated by a customer-generator when any portion of the electricity generated by the alternative energy generating system is used to offset part or all of the customer-generator's requirements for electricity. Virtual meter aggregation on properties owned or leased and operated by a customer-generator and located within two miles of the boundaries of the customer-generator's property and within a single electric distribution company's service territory shall be eligible for net metering.

5. 73 P.S. § 1648.5. Interconnection standards for customer-generator facilities

Excess generation from net-metered customer-generators shall receive full retail value for all energy produced on an annual basis. The commission shall develop technical and net metering interconnection rules for customer-generators intending to operate renewable onsite generators in parallel with the electric utility grid, consistent with rules defined in other states within the service region of the regional transmission organization that manages the transmission system in any part of this Commonwealth. The commission shall convene a stakeholder process to develop Statewide technical and net metering rules for customer-generators. The commission shall develop these rules within nine months of the effective date of this act. (emphasis added)