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Senate of Pennsylvania
MARIO M. SCAVELLO
STATE SENATOR

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December 27, 2017

Pennsylvania Public Utility Commission
Ms. Rosemary Chiavetta, Secretary
Commonwealth Keystone Building
2nd Floor, Room-N201

Dear Secretary Chiavetta:

Please accept this letter as my formal comments in regards to M-2017-2631527. As the prime sponsor of this legislation, I have worked extensively to ensure that this legislation does that which is intended; to ensure that Electric distributors will have to purchase their credits from within the Commonwealth, protecting Pennsylvania-based solar credits and putting us in line with many of our neighboring states. In addition, 'closing the borders' ensures that PA rate-payers are supporting jobs, investment and tax revenue here in Pennsylvania. Therefore, please see the following points which must be addressed to ensure proper implementation of this legislation.

- Specifically, if the PUC interprets the language to mean all solar certifications in PA are within the geographical boundaries, rather than "the solar system must be within the geographical boundaries" as specified in Act 40, then it does nothing to close the borders. There is a reason why we chose that specific language which was taken from the AEPS (Alternative Energy Portfolio Standards).
- On the language regarding contracts: This language was included only at the request of the AEPS contract holders to further emphasize that contracts shall be allowed to sunset. Most of these contracts are only 3-5 years and once those contracts sunset, they will not be renewed if the (solar system) distribution system is not within the geographical boundaries of the Commonwealth. **If the Commission finds that the language of the Act refers to "contracts" other than those used for AEPS compliance, then the purpose of Act 40 will be rendered useless.**
- There is also concern about how banked (Solar Renewable Energy Credits) SRECs by out-of-state facilities that are not under contract will be categorized and permitted to fulfill the AEPS SREC requirement. The intent of Act 40 is that all out-of-state systems will no longer qualify to meet the compliance requirements of the AEPS SREC; however, they could still be eligible for selling into the Tier 1 (Alternative Energy Credits) AECs market place. This classification would also include all *banked* SRECs from those out-of-state facilities as well. The interpretation of eligibility for these banked SRECs should occur at the time when the SREC is sold to meet the AEPS obligation, *not* when the SREC was generated. Generation does not imply intent to sell into the PA AEPS market, because these systems are often registered in multiple state compliance markets. **If all out-of-state, banked and not contracted-for SRECs are permitted to meet the AEPS solar requirement then ACT 40 will be largely ineffective. This was not the intent.**
- As a matter of emphasis: If the PUC has concerns that we are not on track to meet the AEPS Solar Requirements, depending on its interpretation of Act 40, that is not the case. We are on track to meet AEPS requirements in 2018. By May 31, 2018, there will be more than enough PA solar generated SRECs to meet the 2018 solar obligation. **There would be no supply constraints on SRECs for 2018, if only PA-generated SRECs are permitted to satisfy compliance.** Also, there are additional out-of-state SRECs under contract for AEPS compliance, which can also be used for compliance as stated in Act 40. Furthermore, the supply of PA-only SRECs will also be sufficient for 2019.

Please feel free to contact me should you have any questions regarding this legislation, or its specific legislative intent. Thank you for your consideration of these important comments.

Sincerely,

Handwritten signature of Mario M. Scavello in black ink.

Mario M. Scavello
State Senator
40th Senatorial District



Senate of Pennsylvania

40TH DISTRICT

MARIO SCAVELLO

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THE STATE CAPITOL

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