

I applaud the Pennsylvania General Assembly and Governor Wolf for enacting into law the solar provisions of Act 40 that essentially "closed the border" of the solar renewable energy credit (SREC) market to allow only Pennsylvania-located solar systems to qualify and to sell SRECs into the Pennsylvania market. I urge the Pennsylvania Public Utility Commission to correctly interpret the law so that the legislative intent is fully realized. The Solar Renewable Energy Credit (SREC) program that the Commission created to implement Pennsylvania's Alternative Energy Portfolio Standard (AEPS) historically permitted solar owners and businesses throughout the PJM Interconnection territory to claim Pennsylvania's SREC at the expense of the Pennsylvania solar market. This situation resulted in an oversupply of SRECs (the majority from out-of-state systems), a loss of investment in Pennsylvania's solar market, and to other states getting solar jobs that should have been created in Pennsylvania -- all of which Act 40 intended to rectify. The intent of the law was to "close" the solar renewable energy credit (SREC) "border" by permitting only in-state solar systems to qualify for Pennsylvania's SRECs.

I strongly disagree with the interpretation Section 2804(2)(i) of Act 40 set forth in the Commission's Tentative Implementation Order (TIO) because it is contrary to the Act's intent, and would render the Act ineffective. I INSTEAD SUPPORT THE INTERPRETATION OF THAT SECTION IN THE JOINT STATEMENT AND THE INTERPRETATION OF ACT 40 PROPOSED BY CHAIRMAN GLADYS M. BROWN AND VICE CHAIRMAN ANDREW G. PLACE. I also support the interpretation that Act 40 prohibits the sale of all banked Pennsylvania SRECs from out-of-state solar systems after October 30, 2017 to meet AEPS compliance.

Specifically, I urge the Commission to implement this interpretation of Act 40 for these reasons:

1) Section 2804(2)(i): the phrase "a certification originating within the geographical boundaries of this Commonwealth" obviously refers to the location of the generating facility, not of the certification origin. The law was clearly intended to permit only solar systems located in Pennsylvania to be eligible for Pennsylvania's solar renewable energy credits (SREC) and to no longer permit out-of-state systems to qualify. There is no reasonable rationale that would allow for the interpretation that a "certification" has a geographical boundary as suggested by the TIO. For a certification to be issued, it must first be linked to a physical generating facility, which does have a geographical location. Therefore, for Section 2804(2)(i) there is no reasonable rationale to interpret that solar systems not located within the boundaries of the commonwealth under Act 40 should be grandfathered (unless they are under written contract as mentioned in Section 2804(2)(ii)). If these systems are permitted to be grandfathered, then the intent of Act 40 will not be fulfilled.

2) Banked credits: An out-of-state system not under binding written contract is not be eligible under Act 40 to receive SRECs after October 30, 2017 (as described above), so therefore, any credits—past, present or future—earned by that now ineligible system are also ineligible to be sold as Pennsylvania SRECs after that date. They can be sold as Tier 1 AECs. While Act 40 does not specifically address banked SRECs, in order to meet the intent and direction of the law, the Commission must ensure that banked credits from out-of-state facilities that are not under contract may not be used to satisfy the photovoltaic share of the AEPS.

3) Section 2804(2)(ii): Interpret that a "binding, written contract" mentioned in the Section 2804(2)(ii) refers only to contracts made directly with an entity that is obligated to meet the requirements of the AEPS including an electrical distribution company, electric generation supplier serving Pennsylvania customers, load serving entities, electric cooperatives or municipal cooperatives. Contracts with other parties for the sale and purchase of SRECs are irrelevant to Act 40.

Thank you for your diligence in assuring that Act 40 is accurately interpreted to meet the intent of the law.

Sincerely,

Dorothy S. Falk