

Dear PA Public Utility Commission,

My name is Mike Pacolay, and I am writing as a residential solar owner in Allison Park, PA. I was recently pleased to hear of the news around the passage of Act 40, a bi-partisan bill that has components within that would 'close the borders' around how Solar Renewable Energy Credits (SRECs) are purchased by Pennsylvania energy companies but generated outside of our commonwealth. My impression of what an SREC is supposed to represent is basically evidence of meeting the PA Alternative Energy Portfolio standards – requiring 0.5% of Pennsylvania's energy to be generated via solar power by 2021.

This, effectively, is like me buying a receipt from someone and using it as acceptable evidence that I purchased whatever is on the receipt. This is a fraudulent act at its core, and it is hampering the solar market in Pennsylvania in 2 key ways:

- 1.) SREC value in the PA market is extremely low given the availability to purchase from outside the borders, which means it takes longer for those investing in solar (both commercial and residential) to see a tangible return on their investment
- 2.) If energy companies can purchase these credits elsewhere, they have no need for systems to actually be built in PA. If they don't physically need them to be in PA, then solar installation companies and their employees suffer because their services aren't in demand. Their demand is further weakened by 1.) above. Since the monetary investment for many commercial and residential customers takes too long to recoup, they opt to not use solar installers and their services – eliminating hundreds or thousands of job opportunities across PA that are found elsewhere

The piece of legislation I am commenting on refers to the following section:

"(1) Notwithstanding section 4 of the act of November 30, 2004 (P.L.1672, No.213), known as the "Alternative Energy Portfolio Standards Act," in order to qualify as an alternative energy source eligible to meet the photovoltaic share of this Commonwealth's compliance requirements under the "Alternative Energy Portfolio Standards Act" and to qualify for solar renewable alternative energy portfolio credits, each solar photovoltaic system must do one of the following:

- (i) Directly deliver the electricity it generates to a retail customer of an electric distribution company or to the distribution system operated by an electric distribution company operating within this Commonwealth and currently obligated to meet the compliance requirements contained under the "Alternative Energy Portfolio Standards Act."**

(ii) Be directly connected to the electric system of an electric cooperative or municipal electric system operating within this Commonwealth.

(iii) Connect directly to the electric transmission system at a location that is within the service territory of an electric distribution company operating within this Commonwealth."

I have been informed that the interpretation of this bill suggests that current purchasers of out-of-state credits will be able to continue to do so, and that this language is basically grandfathering in all of those fraudulent recipients of renewable energy credits.

This effectively eliminates any positive impact to the PA solar industry because there is already a rampant problem.

Imagine that you have a yard full of weeds, and you acknowledge the weeds are becoming a problem that you need to solve. Would your solution be to:

- 1.) Eliminate the current weeds and put down a preventive application for future weeds or
- 2.) Grandfather the current weeds by permitting them to stay, and only apply the preventive application in hopes that more weeds don't pop up?

Effectively, the interpretation of the bill's language will be choosing option 2.) above. Action needs to be taken to establish true PA borders for all involved, not just for new contracts/arrangements. There is a current problem impacting the PA solar industry today, and grandfathering that problem into the future does nothing to change it.

Thank you for your time and consideration. I hope you will support a comprehensive and fair interpretation of the solar language contained within Act 40.

Sincerely,

-Mike Pacolay