



February 5, 2018

*VIA ELECTRONIC FILING*

Rosemary Chiavetta  
Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

**Re: M-2017-2631527 – Sunrun, Inc. Comments on Tentative  
Implementation Order**

Dear Ms. Chiavetta:

Enclosed please find Sunrun, Inc.'s Comments on the Tentative Implementation Order of Act 40 of 2017 in the above-referenced matter. Please contact me at any time if you have any questions or concerns regarding this filing.

Thank you for your assistance.

Sincerely,

*/s/ Nicole W. Sitaraman*

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**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Implementation of** :  
**Act 40 of 2017** : **M-2017-2631527**

**COMMENTS OF SUNRUN, INC. ON  
TENTATIVE IMPLEMENTATION ORDER**

Pursuant to the Pennsylvania Public Utility Commission’s (“PUC” or “Commission”) Tentative Implementation Order (“TIO”) regarding Act 40 of 2017 (“Act 40”), Sunrun, Inc. (“Sunrun”) respectfully submits the following comments. Sunrun agrees with the conclusions reached by Chairman Gladys M. Brown and Vice Chairman Andrew G. Place in their Joint Statement<sup>1</sup> regarding the implementation of Act 40. Additionally, Sunrun supports the input provided by the Pennsylvania Solar Energy Industries Association (“PASEIA”) and the Solar Unified Network of Western Pennsylvania (“SUNWPA”) who worked closely with Senator Mario Scavello, the principal drafter of the language in Act 40. Sunrun appreciates the opportunity to provide input on the implementation of Act 40 and will continue to engage at the PUC and with Pennsylvania energy stakeholders regarding ways to facilitate increased solar deployment for the benefit of Pennsylvania’s consumers.

**I. Background on Sunrun, Inc.**

Sunrun is a leader in residential solar, storage, and energy management with over 160,000 customers in 22 states and the District of Columbia. Sunrun pioneered the “solar-as-a-service” model more than ten years ago and today we are the largest dedicated residential solar, storage, and energy services company in the United States. Sunrun has served Pennsylvania consumers

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<sup>1</sup> See Docket No. M-2017-2631527, *Implementation of Act 40 of 2017*, Joint Statement by Chairman Gladys M. Brown and Vice Chairman Andrew G. Place, rel. December 21, 2017.

for many years. Sunrun’s solar and storage services empower consumers through monthly savings on their energy expenses and reduction in carbon and pollution emissions.

## **II. Comments**

### **a. Purpose of Act 40**

Act 40 amends the criteria to qualify as a Tier 1 solar renewable energy resource under Pennsylvania’s Alternative Energy Portfolio Standard Act (“AEPS”). The purpose of these amendments was to foster greater solar deployment within Pennsylvania’s boundaries, galvanize local job creation and support the local economy. The intent of the legislation was to assign Solar Renewable Energy Credits (“SRECs”) only to Pennsylvania-sited solar systems.

Prior to the passage of Act 40, out-of-state solar facilities within the PJM Interconnection footprint have flooded the Pennsylvania solar market which has caused the value of Pennsylvania SRECs to plummet. Indeed in December 2017, Pennsylvania SRECs were valued at a mere five dollars.<sup>2</sup> The numerous out-of-state solar installations benefitting from Pennsylvania SRECs have resulted in oversupply in the Pennsylvania market, leaving minimal incentive for local solar installations within the borders of the state.

Under Act 40, unless under current contract, any out-of-state solar installations would no longer be eligible for Pennsylvania SRECs under the AEPS. Act 40 represents a meaningful step in the right direction towards supporting locally-generated renewable energy and Pennsylvania’s growing clean energy economy. However, if implemented contrary to the intent of the legislation, Act 40 would be rendered ineffective.

### **b. Section 2804(2)(i) - Geographical Boundaries on Certification**

Section 2804(2)(i) of Act 40 states the following:

(2) Nothing under this section or section 4 of the “Alternative Energy Portfolio

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<sup>2</sup> See Pennsylvania Market Prices, *available at*: [http://www.srectrade.com/srec\\_markets/pennsylvania](http://www.srectrade.com/srec_markets/pennsylvania).

Standards Act” shall affect any of the following:

(i) A *certification originating within the geographical boundaries of this commonwealth* granted prior to the effective date of this section of a solar photovoltaic energy generator as a qualifying alternative energy source eligible to meet the solar photovoltaic share of this Commonwealth’s alternative energy portfolio compliance requirements under the “Alternative Energy Portfolio Standards Act.” (emphasis added).<sup>3</sup>

With respect to this section, the Commission states in the TIO that,

“The Commission proposes to interpret the language “a certification originating within the geographical boundaries of this Commonwealth” as a reference to systems certified by the Commission’s AEC Program Administrator in accordance with 52 Pa. Code §§ 75.62, 75.63 & 75.64. These systems received a unique Pennsylvania certification number that identifies them as a Pennsylvania qualifying alternative energy source eligible to meet the solar PV share requirements. We note that many systems may also qualify for certification in another state’s renewable portfolio standards program and receive a unique certification number for that state as well, thus, many systems may have multiple state certification numbers.”<sup>4</sup>

The TIO appears to interpret the geographical boundaries as inclusive of solar installations physically located outside of Pennsylvania’s borders. In Sunrun’s view, if Act 40 were to be implemented in this fashion, it would contravene the purpose of Act 40. It is our understanding that statutory language was not intended to grandfather certified solar systems located anywhere in PJM but its purpose was ensure that only solar installations within Pennsylvania proper would count toward compliance with solar carve-out under the AEPS and be eligible for SRECs. Therefore, Sunrun requests that the Commission revise its interpretation of this provision to align with legislative intent.

**c. Section 2804(2)(ii) – Binding, Written Contracts**

Section 2804(2)(ii) of Act 40 states the following:

(2) Nothing under this section or section 4 of the “Alternative Energy Portfolio Standards Act” shall affect any of the following:

....

(ii) Certification of a solar photovoltaic system with a binding written contract for

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<sup>3</sup> 66 Pa. Code. § 2804(2)(i).

<sup>4</sup> *Docket No. M-2017-2631527, Tentative Implementation Order (“TIO”),* rel. December 21, 2017, at 5-6.

the sale and purchase of alternative energy credits derived from solar photovoltaic energy sources entered into prior to the effective date of this section.”<sup>5</sup>

With respect to this section, the Commission states in the TIO that,

“The Commission proposes to interpret this subsection as permitting the AEC Program Administrator to certify a solar PV system that does not meet the provisions of Section 2804(1) and was not certified prior to October 30, 2017, to qualify to generate energy and SRECs eligible to be used by EDCs and EGSs to meet the solar PV share requirements. . .”<sup>6</sup>

In other words, the TIO proposes that the term “contract” include contracts with entities not required to comply with the AEPS. This interpretation runs counter to the legislative intent of Act 40. In Sunrun’s view, this section of the law refers only to contracts made with entities that are subject to the alternative energy procurement requirements of the AEPS, such as electric distribution companies and competitive energy supplier, electric cooperatives and other load serving entities under the AEPS. Contracts with other parties for the sale and purchase of SRECs do not fall within the purview of Act 40. The opposite interpretation would render Act 40 useless.

#### **d. Banked Solar Renewable Energy Credits**

The Commission has requested stakeholder input regarding how to handle banked SRECs because Act 40 does not expressly address the issue. Sunrun believes that unless under contract by the October 30, 2017 grandfathering cut-off date, out-of-state, banked and not contracted-for SRECs should not be permitted to meet the AEPS solar carve-out requirement. Otherwise, this would defeat the original purpose of the legislation. Such contracts, should however, be eligible for Tier 1 alternative energy credits in the market. Further, eligibility for these banked SRECs should occur at the time when the SREC is sold rather than when the SREC was generated.

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<sup>5</sup> 66 Pa. Code. § 2804(2)(ii).

<sup>6</sup> TIO, at 7.

### III. CONCLUSION

**WHEREFORE**, Sunrun, Inc. respectfully requests that the Commission fully consider its comments herein and interpret Act 40 in accordance with legislative intent.

Respectfully submitted,

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