

CITIZEN POWER

Public Policy Research Education and Advocacy

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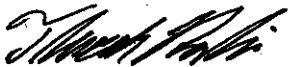
Rosemary Chiavetta, Secretary
Pa. Public Utility Commission
Commonwealth Keystone Building, 2nd Floor
400 North Street
Harrisburg, PA 17120

**Re: Net Metering – Use of Third Party Operators
Docket No. M-2011-2249441**

Dear Secretary Chiavetta:

Enclosed for filing are the comments of Citizen Power, Inc. in the above-referenced proceeding. If you have any questions, please do not hesitate to contact me.

Sincerely,



Theodore Robinson
Counsel for Citizen Power

Enclosures

cc: Scott Gebhardt (via email)
Kriss Brown (via email)

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Net Metering – Use of Third Party Operators : : Docket No. M-2011-2249441

COMMENTS OF CITIZEN POWER

I. Introduction

On November 30, 2004, Governor Edward Rendell signed Act 213 into law. Act 213 became effective on February 28, 2005, and established the Alternative Energy Portfolio Standards Act (“AEPS Act”) in Pennsylvania. The AEPS Act includes two key mandates: one, greater reliance on alternative energy sources, such as solar photovoltaic, in serving Pennsylvania’s retail electric customers; and two, the opportunity for customer-generators to interconnect and net meter small alternative energy systems. The Pennsylvania General Assembly charged the Pennsylvania Public Utility Commission (“Commission”) with implementing and enforcing these mandates, with the assistance of the Pennsylvania Department of Environmental Protection.

On July 28, 2011, the Commission entered a Tentative Order in the above-reference docket which proposed that the meaning of “operator” as found in the definition of “customer generator” at 73 P.S. § 1648.2 include customer-generators with distributed alternative energy systems that contract with a third-party to perform the operational functions of that system. Tentative Order at 4. In addition, the Tentative Order also proposed that the system size be

limited to 110% of the customer-generator's prior year electricity consumption. Tentative Order at 4-5.

II. Comments

Citizen Power believes that the Commission, by proposing to update the definition of "operator" as found in the definition of "customer generator", is taking a proactive approach to account for innovative business models in the alternative energy industry and fully supports the new interpretation. However, Citizen Power requests that the Commission modify the system size limitation of 110% of the customer-generator's prior year electricity consumption in certain limited circumstances. Specifically, Citizen Power asks that the Commission allow residential customer generators without significant prior year electricity consumption to be allowed to estimate typical electricity usage based upon the characteristics of the residential structure as a proxy for the prior year's electricity consumption information.

New home construction that includes the installation of alternative energy systems should be encouraged because it is cost effective, the residential structure at the time of construction can be designed to maximize the alternative energy system's capacity factor, and, in the case of solar, roofing will be new which reduces maintenance costs down the road. However, under the proposed policy, a new homeowner would have to wait an entire year to determine whether the alternative energy system that has already been constructed is less than the 110% limit and is therefore eligible for net metering. In addition, because the alternative energy system would already be in place, the baseline data could, under certain interpretations, reflect the electricity consumption minus whatever generation the residential customer produced. The strict application of the 110% limit upon new home construction would both discourage the cost-

effective inclusion of alternative energy systems and could also provide a barrier to taking advantage of the alternative energy system during the first year of operation.

As an alternative to the 110% limit of the prior year's electricity consumption, Citizen Power proposes that the housing developer have the option of demonstrating the estimated consumption of any new residential construction based upon the average square foot usage of similar residential structures. The system size limit would then be 110% of the estimated consumption. This would eliminate the uncertainty involved in guessing how much electricity a certain residential customer may use in the upcoming year and therefore having to limit the size of the alternative energy system to a very conservative estimate of possible future usage or, in the alternative, opting to wait to install an alternative energy system and losing the cost benefits associated with installing the system concurrently with the home construction.

In addition, this change would not allow for the installation of oversized alternative energy systems that could be described as merchant generation in customer-generator's clothing, the main reason behind the 110% cap. By definition, residential customer-generators are limited to 50 kilowatt systems.¹ It is extremely unlikely that contractors would construct residential housing coupled with alternative energy systems in an attempt to circumvent the intent of the Alternative Energy Portfolio Standards Act of 2004.

III. Conclusion

For the reasons stated above, Citizen Power respectfully requests that the Commission modify the 110% system size limitation to allow new construction to use estimated usage as a proxy for historical consumption data.

¹ 73 P.S. § 1648.2.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Theodore S. Robinson', written in a cursive style.

Theodore S. Robinson, Esquire
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