BEFORE THE PENNSYLVANIA
PUBLIC UTILITY COMMISSION

IMPLEMENTATION OF THE
ALTERNATIVE ENERGY PORTFOLIO
STANDARDS ACT OF 2004

Comments of the Solar Energy
Industries Association on
Implementation Order II
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Docket No. M-00051865

Introduction

The Solar Energy Industries Association and the Mid-Atlantic Solar Energy Industries Association appreciate the opportunity to provide these comments on the Alternative Energy Portfolio Standard in response to the Commission's Implementation Order II, entered July 18, 2005. Comments are keyed to section titles as appropriate.

General Comments

Implementation Order II omits substantive discussion of the administration and implementation of the solar requirements in the standard; we anticipate that the Commission will be handling these issues proactively, and look forward to the near-term establishment of a Working Group or similar format in which these details can be promptly established.

A.   Amendments to the March 23, 2005 Implementation Order

1. Act 213 Compliance Schedule

We support the compromise position on credit banking advanced by the Energy Association in previous comments and repeated here.

B. General Compliance and Cost Recovery

3. Force Majeure – We would reiterate our call for the Commission to establish well in advance clear-cut rules for the empirical determination of, and response to, force majeure conditions in the Commonwealth. The absence of strict guidance on this issue could produce a substantial "chilling effect" on the market by reducing the certainty of the requirements expressed in the legislation as a guide to clean energy investment in the Commonwealth. We look forward to early guidance and continued efforts to develop an equitable and transparent system for this determination in the near future.

4. Alternative Compliance Payments - We emphatically support the Commission's interpretation of the ACP as a non-recoverable penalty provision not covered under the cost recovery categories of the legislation.

C. General Compliance and Cost Recovery

2. Solar Thermal Energy - We appreciate the Commission's common – sense assignment of solar thermal resources to Tier I of the AEPS. However, as we have noted in previous comments, some uncertainty remains as to the generation and tracking of solar thermal credits.

The Commission's Sep. 20 advice letter in this docket highlights these concerns with its statement that "Alternative energy credits will only be created for *electric generation produced* by qualified alternative energy systems." (emphasis added.)

While we understand that the PJM GATS system is not currently a viable platform for the tracking of distributed demand side thermal generators, it is imperative that a transparent and practical system for the generation and tracking of these attributes be implemented, lest this resource, specifically cited for eligibility in the legislation, be left out of the final implementation of the AEPS. We hope to see some indication of the handling of this implementation concern in the near future.

(Despite the fact that DSM/EE resources are Tier II resources, the DSM / EE Working Group may well be the most appropriate venue in which to definitively establish these practices, as it is already grappling with analogous concerns – some of them substantially more complex than those associated with solar thermal resources. The implementation of similar regulations for a Tier I thermal resource such as solar should not present an insurmountable obstacle, and would simplify the market for solar thermal devices in the Commonwealth . Creating regulations which simplify the integration or specification of solar thermal devices into a larger framework of energy efficiency and management improvements would also tend to streamline and increase the size of the solar thermal market.)

SEIA stands ready to provide the Commission with best practices, peer contacts, and other information in order to develop the best possible program.