

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Harrisburg, Pennsylvania 17105-3265

**Petition of PECO Energy
for Approval to Procure Solar
Alternative Energy Credits**

**Public Meeting – August 27, 2009
2094494-ALJ*
Docket No. P-2009-2094494**

STATEMENT OF VICE CHAIRMAN TYRONE J. CHRISTY

Before us is the Recommended Decision of Administrative Law Judge (ALJ) Rainey approving the Settlement among the parties to the above-captioned proceeding. Given the legislative mandates of the Alternative Energy Portfolio Standards (AEPS) Act of 2004, 73 P.S. §§ 1648.1 *et seq.*, I support the ALJ's Recommended Decision. In particular, I support the provision that gives the Commission ten calendar days to review the RFP Monitor's confidential RFP report and the bid prices submitted by successful bidders.

I would, however, like to note my concern regarding the potentially high cost of the legislative AEPS mandate that electric distribution companies (EDCs) and electric generation suppliers (EGSs) acquire solar alternative energy credits (AECs) equal to one-half of one percent of their retail sales. While the Commission and other governmental entities have adopted many policies favorable to this industry, including net metering, tax credits and grant programs, the solar AEC mandate could, at current prices for solar AECs, cost Pennsylvania electric customers over \$250 million per year, and depending on future prices, the cost could be significantly higher.¹

In addition, the AEPS Act contains no geographical restriction on qualified solar facilities, which in PECO's case can be located in any state within PJM. Any distribution or peak shaving benefits provided by a solar facility to Pennsylvania customers will be eroded the further the facility is located from the EDC's service territory. The solar AECs obtained by PECO under this RFP could be located as far away as Illinois. Under this scenario, PECO customers would receive little, if any, benefits from their financial support of solar projects. Although many of the other PJM states have an outright ban on funding out-of-state solar facilities, solar facilities anywhere in PJM can qualify under Pennsylvania's AEPS.

In light of my concerns, I note that the Commission's approval of this settlement does not constitute a guarantee that the results of PECO's RFP process will be approved. The prices of solar AECs obtained through the competitive RFP simply may be too high to reasonably impose on PECO's customers. Despite the absence of a price cap in the Settlement, the Commission has available to it the force majeure and alternative compliance payments of the AEPS Act as well as the duty under the Public Utility Code

¹ 147,072,000 MWh (total consumption of Pennsylvania EDC customers in 2005) multiplied by 0.5% solar mandate = 735,360 MWh. At an estimated cost of \$350 for a solar AEC, the total annual cost of the solar mandate will be approximately \$257 million. The cost of the solar mandate to PECO's customers will be approximately \$49 million per year (38,909,000 MWh x 0.5% x \$350).

to ensure that rates are just and reasonable, 66 Pa.C.S. § 1301, all of which could be used to adjust AEPS mandates or to reject the results of an RFP.

DATE

TYRONE J. CHRISTY, VICE CHAIRMAN