

**PENNSYLVANIA PUBLIC UTILITY COMMISSION
HARRISBURG, PENNSYLVANIA 17105**

**Implementation of Act 35 of 2007;
Net Metering and Interconnection**

**PUBLIC MEETING May 22, 2008
MAY-2008-L-0038*R
Docket No. L-00050174**

**JOINT MOTION OF
VICE CHAIRMAN CAWLEY & COMMISSIONER CHRISTY**

Before us is the Final Omitted Rulemaking Order for Implementation of Act 35 of 2007 amendments to the Alternative Energy Portfolio Standards (AEPS) Act in the Net Metering and Interconnection Rules at 52 Pa. Code § 75.1, *et seq.* The clear intent of Act 35 was to facilitate the research, development, and deployment of small alternative energy resources by providing compensation consistent with the full *retail* value for the kilowatt-hours generated by the renewable resource. A proper interpretation of full retail value for energy produced from a renewable resource up to the level of energy usage by a customer should include the fully bundled charges for generation, transmission, and distribution service. Therefore, 52 Pa. Code § 75.13(c) should be amended as follows:

(c) The EDC shall credit a customer-generator at the full retail rate, WHICH SHALL INCLUDE GENERATION, TRANSMISSION AND DISTRIBUTION CHARGES, for each kilowatt-hour produced by a Tier I or Tier II resource, installed on the customer-generator's side of the electric revenue meter, up to the total amount of electricity used by that customer during the billing period. IF A CUSTOMER-GENERATOR SUPPLIES MORE ELECTRICITY TO THE ELECTRIC DISTRIBUTION SYSTEM THAN THE EDC DELIVERS TO THE CUSTOMER-GENERATOR IN A GIVEN BILLING PERIOD, THE EXCESS KILOWATT-HOURS SHALL BE CARRIED FORWARD AND CREDITED AGAINST THE CUSTOMER-GENERATOR'S USAGE IN SUBSEQUENT BILLING PERIODS AT THE FULL RETAIL RATE. ANY EXCESS KILOWATT-HOURS SHALL CONTINUE TO ACCUMULATE UNTIL THE END OF THE YEAR. For customer-generators involved in virtual meter aggregation programs, a credit shall be applied first to the meter through which the generating facility supplies electricity to the distribution system, then through the remaining meters for the customer-generator's account equally at each meter's designated rate.

For any unused kilowatt-hours accumulated at the end of the annualized period, compensation should equal the Price To Compare ("PTC"), as defined in 52 Pa. Code § 54.182, which includes the retail generation and transmission components of the retail rate, and which consumers also utilize when choosing whether or not to obtain supply

service from an Electric Generation Supplier. Therefore, 52 Pa. Code § 75.13(d) should be amended as follows:

(d) At the end of each YEAR, the EDC shall compensate the customer-generator FOR ANY EXCESS kilowatt-hours generated by the customer-generator over the amount of kilowatt-hours delivered BY THE EDC during the SAME YEAR at the EDC's PRICE TO COMPARE.

Since the EDC's retail generation and transmission rates may have fluctuated during the year, compensation should be calculated by using the weighted average generation and transmission rates, with the weighting based on the rates in effect when the monthly excess generation actually was delivered by the customer-generator to the EDC. If transmission or generation rate designs incorporate time of use rates, the weighted average rates should reflect the rates in effect during the time that the customer-generator delivered its generation to the EDC.

In interpreting this statute, it is essential to capture the intent of Act 35 of 2007 by providing a reasonable value to customers to encourage and facilitate the deployment of renewable distributed resources. These modifications should provide for the flexibility to enable customers to capture this value, and further to enable Pennsylvania to attract developers to the state for this purpose.

THEREFORE, WE MOVE THAT:

The Law Bureau draft an appropriate order consistent with this Motion.

Tyrone J. Christy, Commissioner

James H. Cawley, Vice Chairman