



February 9, 2010

VIA HAND DELIVERY

Mr. James J. McNulty, Secretary
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

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SECRETARY'S BUREAU

**Re: Policy Statement in Support of Pennsylvania Solar Projects
Docket No. M-2009-2140263
Comments on Behalf of the New Oxford Municipal Authority**

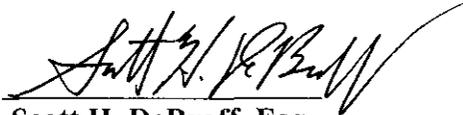
Dear Mr. McNulty:

Delivered herewith, please find an original and fifteen (15) copies of Comments on Behalf of the New Oxford Municipal Authority in the above-captioned proceeding. Please enter this into the docket, and timestamp the additional two (2) copies for return to Rhoads & Sinon.

Should you have any questions, please do not hesitate to contact me at (717) 237-6716.

Sincerely,

RHOADS & SINON LLP

By: 
Scott H. DeBroff, Esq.
Counsel for the New Oxford
Municipal Authority

Enclosures

cc: Scott Gebhardt, Energy Program Specialist, via electronic mail (sgebhardt@state.pa.us)
Kriss Brown, Assistant Counsel, via electronic mail (kribrown@state.pa.us)

COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION

POLICY STATEMENT IN SUPPORT OF
PENNSYLVANIA SOLAR PROJECTS

DOCKET No. M-2009-2140263

COMMENTS ON BEHALF OF THE
NEW OXFORD MUNICIPAL AUTHORITY

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DATED: FEBRUARY 9, 2010

COUNSEL FOR NEW OXFORD MUNICIPAL AUTHORITY

**COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**POLICY STATEMENT IN SUPPORT OF
PENNSYLVANIA SOLAR PROJECTS**

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**COMMENTS ON BEHALF OF THE
NEW OXFORD MUNICIPAL AUTHORITY**

AND NOW COMES the New Oxford Municipal Authority (“NOMA”), by and through its counsel, Scott H. DeBroff and Alicia R. Petersen, of Rhoads & Sinon, LLP, and files the foregoing comments on behalf of NOMA to the policy statement in support of Pennsylvania solar projects:

1. NOMA is a municipal water and wastewater Authority, located in Adams County, Pennsylvania, consisting of 1.4 mgd (million gallon per day) water treatment plant that was established in 1913. NOMA also owns a wastewater treatment plant that is rated at 1.788 mgd and that was established in 1957. Both the water and wastewater treatment systems service New Oxford Borough and three surrounding Townships. New Oxford Municipal Authority’s wastewater treatment system services slightly less than 3,000 customers. This includes a school system, hospital, retirement home and many large businesses. NOMA’s water treatment system produces over a million gallons per day on average and provides public drinking water to approximately 1,700 customers, including the above mentioned industrial properties.

2. Beginning in 2004, the Pennsylvania General Assembly enacted, and the Governor signed, a series of legislation promoting the development of renewable energy in Pennsylvania generally, and solar alternative energy, specifically. The Alternative Energy Portfolio Standards (“AEPS”) Act of 2004, which took effect on February 28, 2005, established an alternative energy portfolio standard for Pennsylvania.

3. Subsequent to that, Governor Rendell signed Act 35 of 2007 into law on July 17, 2007, which amended the AEPS Act in several respects. One of the purposes of Act 35 was to revise the schedule for the solar photovoltaic requirements, such that the requirements increase on an annual basis as opposed to increases in five (5) year increments.

4. Following that on September 25, 2008, the Commission adopted a Final Order at Docket L-00060180 that codified prior Commission interpretations of the AEPS Act and resolved issues relevant to its implementation. The Commission set forth the method for determining alternative compliance payments that EDCs and EGSs must pay for failure to obtain the required number of alternative energy credits and to include the minimum required number of alternative energy credits from solar photovoltaic facilities.

5. In 2009, NOMA decided to pursue an alternative energy project and specifically chose a solar photovoltaic project. NOMA has recently selected an engineering firm to begin the design process for a solar photovoltaic field, one that will be able to offset a good portion of its energy needs. The Authority is very excited about the opportunity to be a part of the implementation of alternative energy in the Commonwealth of Pennsylvania and to find ways to promote reduction in its energy usage by way of this implementation.

6. On November 6, 2009, the Pennsylvania Public Utility Commission issued, for comment, a proposed policy statement to address possible barriers that prevent new solar

projects from becoming a reality in Pennsylvania. Having reviewed the Commission's Order and Policy Statement, NOMA provides these initial comments to the Commission and looks forward to participating in the working group effort ahead.

7. Regarding 52 Pa. Code § 69.2901(Purpose), the NOMA is generally in agreement with the language in this section. We would agree that the intent and reason for the policy statement is sound and also that the Commission is responsible for ensuring compliance with the AEPS Act. We certainly acknowledge the representation of the different Acts that relate to the development of solar projects in Pennsylvania. While there are clear indications that there is a direct promotion of construction of small- and large-scale solar projects in Pennsylvania, from our perspective, it is important for an agency such as the Commission to take the lead and do those things that are necessary to prevent barriers to entry and to promote resolution of issues that may already be barriers to entry. One particular barrier cited by the Commission, and the rationale for this policy statement, is the uncertainty of a price to assign to solar renewable energy credits ("SRECs") that would be generated by small- or large-scale solar projects. We certainly agree that price uncertainty might make it difficult to determine feasibility of proceeding with solar projects, both now and in the future.

8. Regarding §69.2902 (Definitions), first, we think it is important to include a definition for Electric Generation Suppliers ("EGSs"). They have equal importance to Electric Distribution Companies ("EDCs") and should be included in the definition section.

Second, in reviewing the definitions for the size and scope of the large-scale solar project and small-scale solar project, we are not sure as to the importance of the 200 kW cutoff that splits large from small. It would seem to us a good idea that if the size of a solar project were to change over time, in terms of defined scope, that the 200 kW cut off might need to be adjusted,

and there should be some broad language that describes the potential for modifications to that cutoff number.

Third, the SREC market price definition is certainly a critical piece of the definitional section. We are interested in the determination as to why the SREC market price is only listed for large-scale solar alternative energy credits and not for all alternative energy credits. We also believe that real time posting of SREC prices and volumes should be adopted. Currently, SRECs are accounted for via a clearinghouse system managed by PJM and actual pricing is only published once a year. Real time posting of SREC prices is consistent with most other commodities traded. Today, kWh transactions are recorded in real time and electric energy is now traded much like a commodity.

Fourth, we wholeheartedly support a stakeholder working group comprised of as many participants and segments of the energy market as possible. We would also encourage that with the changing circumstances in the solar and renewable market in general, and the tremendous promotional opportunities that exist for solar projects inside the Commonwealth, we would promote the idea of monthly solar working group meetings. We believe that a constant dialogue throughout this interesting transitional period for renewable projects is critical in terms of keeping the important issues on the table and the subject of discussion. We are concerned that part of the definition section describes a proposal to use the working group meeting as a way to standardize solar alternative credit RFPs and related contracts that the Commission posts. We find that this may be a limiting factor to the discussion points of the working group and would simply ask that any and all discussions on credits and RFPs and other issues of interest to any of the members of the working group be available for discussion at all meetings.

Fifth, we would like to suggest that a full retail value of net metered energy needs be more clearly defined. Currently, Pennsylvania has net metering and virtual metering rules to promote the use of renewable energy in Pennsylvania. Defining this value is especially important in a deregulated market place where customers are buying third party electric energy. Within the stakeholder group the concept of establishing a full retail value of net metered kWh should also be discussed.

Sixth, many photovoltaic system providers are examining the installation of ground mount systems where an existing EDC service drop is not in place. We suggest that the stakeholder group also establish rules under which the EDC will be required to provide an electric service drop consisting of a pad mounted transformer revenue grade meter and other electric interconnection equipment much the same as with any request for electric service. Establishing these rules is especially important in light of the Pennsylvania net metering and virtual metering rules. Currently, the rules assume that all customer based non-merchant systems will be installed at the existing EDC electric service location. This assumption is not consistent with the broader based and cost effective production of photovoltaic energy.

9. Regarding § 69.2903 (RFPs to establish SREC values recoverable as a reasonable expense), NOMA has several comments. First, we support the idea that RFPs that are created for large-scale solar projects should provide for fair, transparent and open competitive bidding; however, the Commission's interest in creating RFP documents developed by the stakeholder working group is a concern. We are mindful of the process that goes into the RFP development and wonder whether a satisfactory standardized RFP could be created by such a diverse group of participants in such a working group. In addition, it is not clear to us why the Commission has the ability to review and either approve or reject bids submitted to such RFPs. This section does

not define the Commission's authority and, if there is such, we believe it's important to recognize that in this section.

Second, in regard to the SREC procurement from small-scale solar projects, we again note that EDCs are encouraged by the Commission to procure SRECs from small-scale solar projects through competitively bid RFP processes and bilateral contracts. The Commission suggests that EDCs should adhere to the same standards used for large-scale solar project RFPs for the small-scale projects. While we do not have a specific comment that would oppose this practice, we would caution the Commission that there could be situations that develop in the small-scale projects that do not lend themselves to a ready-fit solution and from a standardized RFP. It is also confusing to us as to why the Commission is putting rules on EDCs for entering into bilateral contracts for SRECs from small solar projects subject to so many conditions. It seems that some of the detail regarding such contracts may be outside of the jurisdiction of the Commission at this point in time. It would be important to get some definitive answer to our concern.

10. Regarding §69.2904 (Contracts for the purchase of SRECs by EDCs), we also have some comment.

First, regarding standardized contracts, we would agree that it is a good idea for EDCs to employ standardized contracts for the purchase of SRECs from large-scale and small-scale solar projects, but there may be some exceptions to this rule. We find it important to ensure that exceptions are considered. In addition, the Commission has indicated that standardized contracts for the long-term procurement of SRECs should be from five (5) to twenty (20) years in length. While that may be a target for the Commission in terms of proposed years, we are not quite sure

as to why the years were chosen or how that would affect contracts that would be for years outside of those numbers.

Regarding contracts with solar aggregators, we believe the market for aggregators is so new in development that it would be hard to put a great deal of effort around that until the aggregation concept really begins to take off. To recommend a process for purchasing SRECs from various projects through an aggregator seems premature at this time. Regarding performance guarantees, security and other contract terms for small-scale solar projects, we would concur that smaller-scale projects should not be required to provide security relating to project completion or performance; however, even smaller projects may become expensive undertakings, and there should be some level of security or assurances that are provided. We would consider this to be a subject of discussion in the working group.

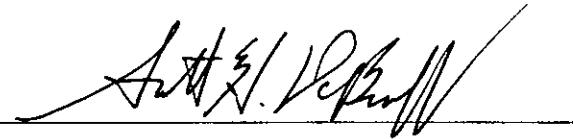
In regard to the comment on EDCs establishing reasonable financial qualifications for solar aggregators from whom they purchase SRECs, while we do not disagree with the concept, we would expect that there would be oversight by the Commission and that the EDCs would not be left to create financial qualifications on their own.

Regarding the stakeholder working group section, we certainly support the posting of EDC standardized contracts and other related documents for the purpose of SRECs from large- and small-scale projects on the Commission's site, with periodic updating. We believe that such constant monitoring and examination of contracting as it relates to SREC purchasing is important and will develop over time.

Finally, we concur that customer education is a huge component of this process and educating all customers as to the value of solar renewable energy credits is a critical component for the market's success.

The New Oxford Municipal Authority looks forward to participating in this process to develop a policy statement in support of Pennsylvania's solar projects and looks forward to participating in any and all working group efforts to promote the continued success and growth in the solar market.

Respectfully submitted,

By: 

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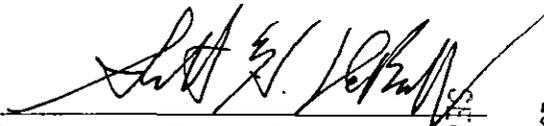
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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing "COMMENTS ON BEHALF OF THE NEW OXFORD MUNICIPAL AUTHORITY" was served on the Commonwealth of Pennsylvania Public Utility Commission along with the service list on this 9th day of February, 2010.

Dated: February 9, 2010

By:


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