Pennsylvania Public Utility Commission
400 North Street, 2nd Floor
Harrisburg, Pennsylvania 17120

May 14, 2015 Docket Number: L-2014-2404361

In their recent Advance Notice of Final Rulemaking (ANFR), the PUC proposes protections for farms that use bio-digesters to process waste. Bio-digesters are an important form of pollution control, and most are financed through long term debt (which the power revenue helps service). (see ANFR text below).

> *Finally, to address the concerns raised by DEP, PDA and the Chesapeake Bay Commission, we propose language excluding from this 200 percent limit those alternative energy systems where the DEP provides confirmation that the alternative energy system is used to comply with the DEP's Chesapeake Watershed Implementation Plan or is an integral element for compliance with the Nutrient Management Act. We recognize that these systems are only sized to handle the waste products that are the subject of the Chesapeake Watershed Implementation Plan and Nutrient Management Act.*

While clean water is very important, the scope of the AEPS Act is much broader (see preamble of Act below). The PUC is tasked with implementing the entire AEPS Act; not just the parts that protect the Chesapeake Watershed.

> *Providing for the sale of electric energy generated from renewable and environmentally beneficial sources, for the acquisition of electric energy generated from renewable and environmentally beneficial sources by electric distribution and supply companies and for the powers and duties of the Pennsylvania Public Utility Commission. (emphasis added)*

All forms of renewable energy are beneficial to the environment (wind, geothermal, solar….and also bio-digesters). All forms of renewable energy require a significant investment. The PUC's divergence from statutory intent is having a profound/chilling effect on all forms of alternative energy.

None of what the PUC is proposing was contemplated under the AEPS Act. The Independent Regulatory Review Commission, an organization providing oversight on the regulatory process in PA, has asked some pointed questions in their response to the new rules. (relevant section of RAF is attached; IRRC comments below).

> ***Need for the regulation; Whether the regulation is supported by acceptable data***
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> *As it relates to the regulatory provisions noted above, the PUC has not established the overall need for or provided any acceptable data to support the proposed changes. We ask the PUC to expand upon the information provided in Section 10 of the Regulatory Analysis Form (RAF), relating to need. In addition, we ask the PUC to provide specific references to the sections or parts of the annual report cited in Section 28 of the RAF, relating to acceptable data that justifies the changes being proposed.*

The PUC must answer the IRRC's questions, and explain the need for any of the proposed rule changes.

Regards,

David N. Hommrich
President
Sunrise Energy, LLC

(9) Is the regulation mandated by any federal or state law or court order, or federal regulation? Are there any relevant state or federal court decisions? If yes, cite the specific law, case or regulation as well as, any deadlines for action.

The proposed regulation changes are not mandated by federal law, federal regulation, or court order. However, the Pennsylvania state statute, the Alternative Energy Portfolio Standards (AEPS) Act of 2004, requires the PUC to develop technical and net metering interconnection rules for customer-generators, 73 P.S. § 1648.5, and to implement and enforce the AEPS Act, 73 P.S. § 1648.7(a)-(b). Accordingly, the PUC proposes changes to the regulations pertaining to the net metering, interconnection, and portfolio standard compliance provisions of the AEPS Act to comply with the Act 35 of 2007 and Act 129 of 2008 amendments to the AEPS Act and to clarify certain issues of law, administrative procedure, and policy.

(10) State why the regulation is needed. Explain the compelling public interest that justifies the regulation. Describe who will benefit from the regulation. Quantify the benefits as completely as possible and approximate the number of people who will benefit.

As discussed above, these regulation changes are needed and proposed pursuant to state law in order to comply with the AEPS Act, the Act 35 of 2007 and Act 129 of 2008 amendments to the AEPS Act and to clarify certain issues of law, administrative procedure, and policy.

All stakeholders and interested parties, including electric distribution companies (EDCs), electric generation suppliers (EGSs), alternative energy system developers and customer-generators seeking net metering, will benefit from these regulations, which clarify issues of law, administrative procedure, and policy by reducing uncertainty regarding which generation resources qualify for alternative energy system status, interconnection and net metering. In particular, the approximately one-hundred alternative energy system development companies and installation companies will benefit from these clarifications, as it should reduce the time and money spent on developing, installing and qualifying alternative energy systems. It should also reduce or even eliminate the time and money spent by these companies in the past on investigating and beginning initial development of systems that they later learn will not qualify.

These regulation changes will also balance the benefits provided to developers, owners of alternative energy systems, and net metering customer-generators with the costs borne by EDCs, EGSs and electric utility ratepayers to meet the requirements of the AEPS Act in a cost-effective manner. These proposed changes will benefit the millions of EDC ratepayers and EGS customers. The Commission, In its 2012 AEPS Act Annual Report, is projecting that it could cost over $60 million to comply with the AEPS Act's 18% of retail sales requirements. The 2012 Annual report is available at: http://www.puc.pa.gov/electric/pdf/AEPS/AEPS_Ann_Rpt_2012.pdf. The net metering costs that are also borne by the ratepayers will be in addition to those costs. Therefore, based on these magnitudes, it is imperative that this program be implemented in a cost-effective manner.