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May 20, 2014

Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
P.O. Box 3265
Harrisburg, PA 17105-3265

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PA P.U.C.
SECRETARY'S BUREAU

RE: Docket L-2014-2404361

“Implementation of the Alternative Energy Portfolio Standards Act of 2004

Dear Commissioners:

The Professional Dairy Managers of Pennsylvania (PDMP) appreciates the Commission’s responsiveness in trying to address the many concerns of Pennsylvania’s farmers regarding the proposed Rulemaking limiting net metering and changing the economics of anaerobic digesters used on dairies to manage animal waste and meet environmental compliance.

The Commission’s efforts to recognize animal agriculture’s obligations to address air and water quality issues, resulting from food production waste, demonstrates that the PUC appreciates the fact that dairy farms are in the milk production business, not the energy business. The revisions to the order this month illustrate that the Commission understands that farmers’ installation of Anaerobic Digesters (AD) is intended to address environmental concerns resulting from their core business of producing food.

We do however continue to have concerns about the AEPS in its current form in that it will place some very subjective decision making responsibilities on the DEP and by doing so adds additional undue burden on the already stretched resources of DEP and particularly, farm owners. A few minor verbiage changes in the AEPS would frame it into approval processes already in place between the PA DEP and the farmers it regulates.

Concern: 75.13 (a) (3) (IV) this critical section can be improved with some minor modifications that would provide more clarity and utilize certification and approval processes already in place. The language in its current form will be challenging for DEP to interpret; for example; what does “integral” mean? The word ‘may’ does not provide the regulating agency with clear guidance.

Suggested Change: (IV) THE 200% OF THE CUSTOMER-GENERATOR’S ANNUAL ELECTRIC CONSUMPTION LIMITATION ~~MAY~~ SHALL NOT APPLY TO ALTERNATIVE ENERGY SYSTEMS WHEN THE DEPARTMENT PROVIDES CONFIRMATION TO THE COMMISSION THAT A CUSTOMER-GENERATOR’S ALTERNATIVE ENERGY SYSTEM ~~IS USED TO~~ COMPLIES WITH THE DEPARTMENT’S PENNSYLVANIA CHESAPEAKE WATERSHED

IMPLEMENTATION PLAN IN COMPLIANCE WITH SECTION 303 OF THE FEDERAL CLEAN WATER ACT AT 33 USC § 1313 OR IS AN INTEGRAL ELEMENT OF A FARM'S APPROVED NUTRIENT MANAGEMENT PLAN IN COMPLIANCE FOR COMPLIANCE WITH THE NUTRIENT MANAGEMENT ACT AT 3 PA. C.S. §§ 501, ET SEQ.

Concern: In the definition of utility in 75.1 stating that Customer-Generators that are designed to produce no more than 200% of Customer-Generator's annual electric consumption shall be exempt from the description of a utility, it is unclear if this statement is subject to 75.13 (a) (3) (IV) conditions for exemption from the 200% consumption limit.

Recommended Change: Utility—A person or entity that provides electric generation, transmission or distribution services, at wholesale or retail, to other persons or entities. AN OWNER OR OPERATOR OF AN ALTERNATIVE ENERGY SYSTEM THAT IS DESIGNED TO PRODUCE NO MORE THAN 200% OF A CUSTOMER-GENERATOR'S ANNUAL ELECTRIC CONSUMPTION SHALL BE EXEMPT FROM THE DEFINITION OF A UTILITY IN THIS CHAPTER SUBJECT TO 75.13 (A) (3) (IV).

Concern: 75.13 (a) (4) refers to limiting nameplate capacity for residential service locations. However, many dairy farms in Pennsylvania receive their electricity as a residential service. These dairy farms with residential service accounts will be excluded from the benefits of net-metering with this current language.

Recommended Change: (4) THE ALTERNATIVE ENERGY SYSTEM MUST HAVE A NAMEPLATE CAPACITY OF NOT GREATER THAN 50 KW IF INSTALLED AT A RESIDENTIAL SERVICE LOCATION UNLESS THE SERVICE IS FOR A "NORMAL AGRICULTURAL OPERATION," AS DEFINED IN THE PENNSYLVANIA RIGHT TO FARM ACT.

Because dairy farming and the factors that impact its sustainability are constantly changing; increasing regulations and public pressure, volatility of milk prices, attrition of farmers producing food, more and more the farming community is pooling resources to remain viable. Farmers share equipment, services, even cows and, many hope in the future manure, for efficiencies that enable them to sustain. With AD technology advancements, there is no telling how on farm manure digesters might gain efficiencies, increase farm source points and help more farms address environmental concerns.

Even today, some of our PA farm digesters are currently (*or were planning to until the PUC rulemaking was issued last year*) bringing in waste from contiguous farms in order to address the nutrient issues at multiple farms and generate enough income to support the costs of the system. It is the hope of the dairy industry, particularly for smaller farms and environmental agencies and advocates, that more farms and the communities surrounding them can benefit from this regional model in the future. We are not completely confident that the AEPS will accommodate what farm digesters might look like in the future, for example for families that would want to co-join

manure from multiple farms, upon whose meter would the 200% cap be based, and all the other nuances of future environmental regulations that might be omitted.

We do, however, believe that **with the suggested language changes offered herein**, the 30 digesters currently in operation in PA will not be the only ones in the future. These changes are essential to ensure that unintended consequences will not be leveled on Pennsylvania's farmers who are trying to do the right thing for the environment while remaining in the food production business. We appreciate the Commission's consideration in trying to address our concerns and commend the professionalism of the PUC staff that has worked to find a solution. We would be happy to discuss this further or answer any questions the PUC and its staff might have.

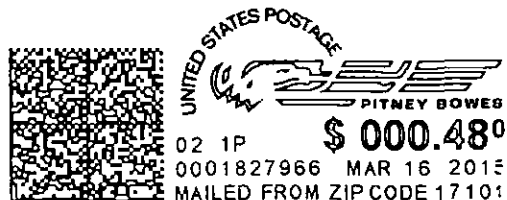
Sincerely,

A handwritten signature in black ink that reads "Alan Novak". The signature is written in a cursive, flowing style.

Alan Novak
Executive Director



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