PENNSYLVANIA PUBLIC UTILITY COMMISSION
HARRISBURG, PENNSYLVANIA 17105

Implementation of the Alternative Energy Portfolio Standards Act of 2004.	**Public Meeting: February 11, 2016** **2404361-LAW** **Docket L-2014-2404361**

STATEMENT OF VICE CHAIRMAN ANDREW G. PLACE

Before the Commission is the Final Rulemaking Order (Rulemaking) amending Chapter 75, the Alternative Energy Portfolio Standards and which focuses, in part, on Net Metering. At the outset, I must congratulate our staff on the thorough analysis of the competing issues contained within this rulemaking.

I agree foremost with the concept annunciated in the Rulemaking that the Alternative Energy Portfolio Standards Act (AEPS Act) and Act 129 must be read together. I agree with the Rulemaking's effort to assure that the retail value the "customer generator" receives pursuant to the net metering requirements of the AEPS Act is also "the least cost to the customers over time" as is required by Act 129. 66 Pa.C.S. §2807 (e) (3.4). However, it is axiomatic that the Commission, as a creature of the legislature, has only those powers conferred upon it by statute. *See Feingold v. Bell*, 477 Pa. 1, 383 A. 2d 791 (1977). Therefore I must oppose the Rulemaking because I believe that it goes beyond the Commission's authority.

I believe that the public, including "customer generators" and retail customers, would be better served if the Commission were to focus on reevaluating "retail value" rather than adding further constraints to those already contained in the statutory definition of customer generators. Currently our regulations provide that the "price to compare" is the "retail value" and I believe that the Commission could facilitate the development of alternative energy and ensure the purchase of the alternative energy at "least cost" to the customer by redefining "retail value" by regulation. See generally, 52 Pa. Code §75.13 (c) and (d).

Many of the benefits of net metered distributed generation can be valued through measurable elements and include reductions of the socialized costs of energy and capacity market prices; avoided distribution and transmission investments and line losses; and future ancillary benefits associated with advancements in smart inverters. Further, these benefits include the environmental compliance costs embedded in the price for capacity and energy. On the other side of the ledger, as net metering market penetration expands, there may be a need to account for incremental costs related to high density deployment of net metered facilities on the distribution grid. Lastly, "retail value" may be dynamic

over time as these costs and benefits are altered by changes in energy demand across the energy landscape.

In summary, I firmly believe that consumers are best served by getting the "retail value" price right, rather than by seeking to impose net metering capacity restrictions which are not in the Act. Sufficient market signals exist to achieve both the goal of supporting the deployment of alternative generation as well as the obligation to do so at a cost that matches the consumer benefits of retail distributed generation. This approach is both regulatorily efficient as well as cost effective.

DATE: February 11, 2016

Andrew G. Place
Vice Chairman