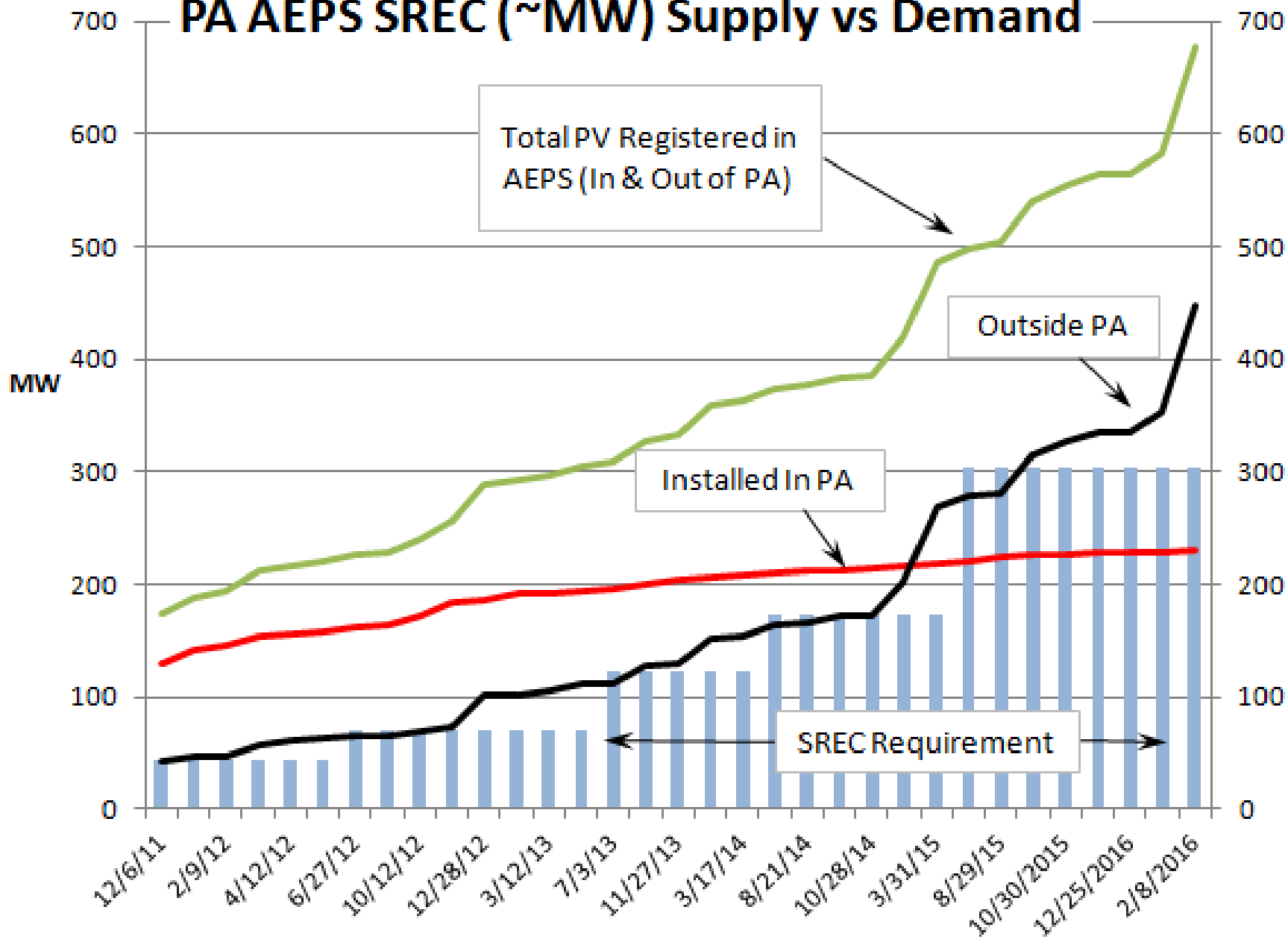


Pennsylvania Update

MSEIA – 1st Qrtly Mtg - 2016

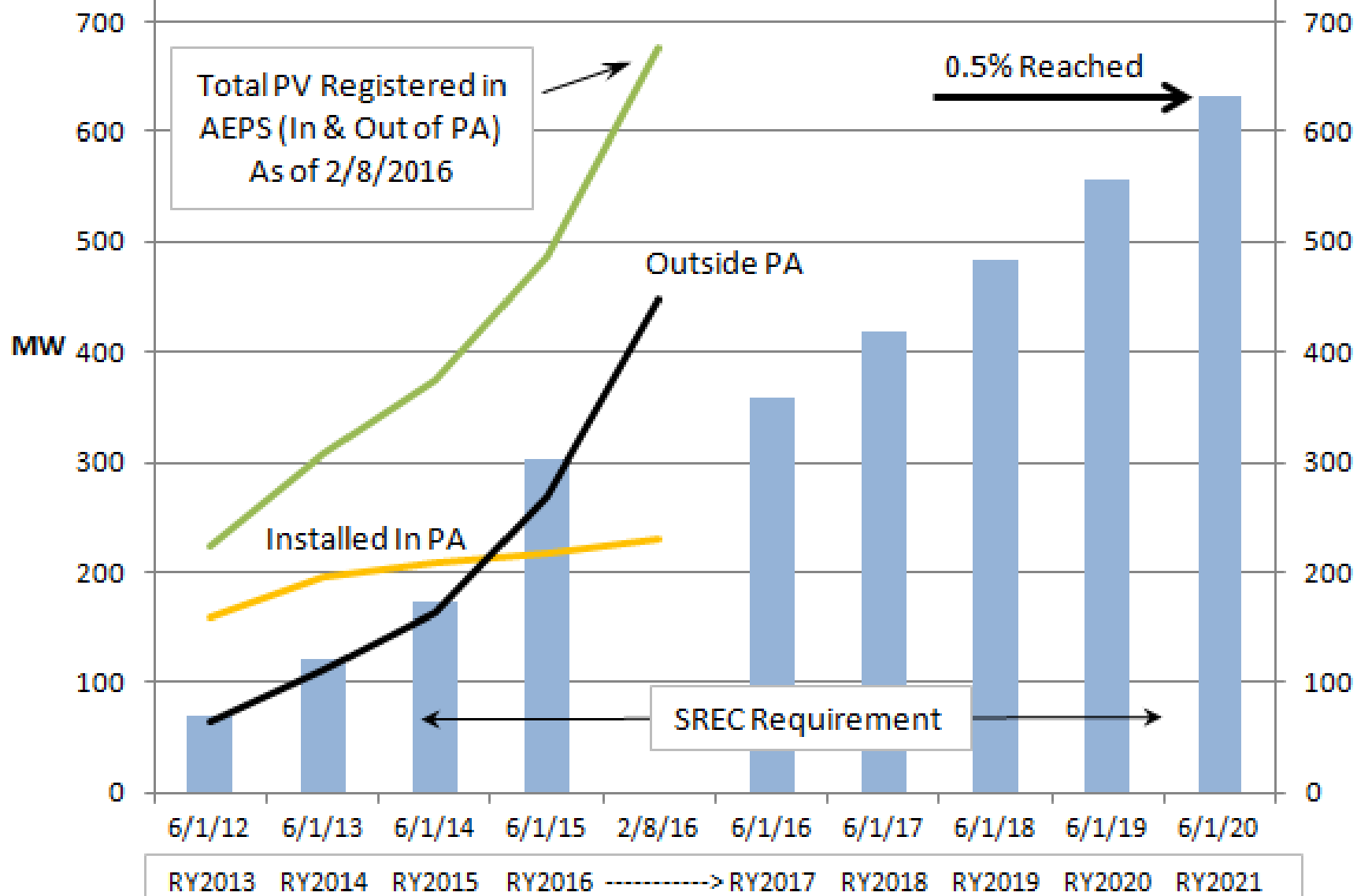
PA AEPS SREC (~MW) Supply vs Demand



PASEIA - 2/22/2016

~ 1,134 SRECs/Yr per MW Equivalent (AEPS)

PA AEPS SREC (MW Equiv.) Supply vs Demand

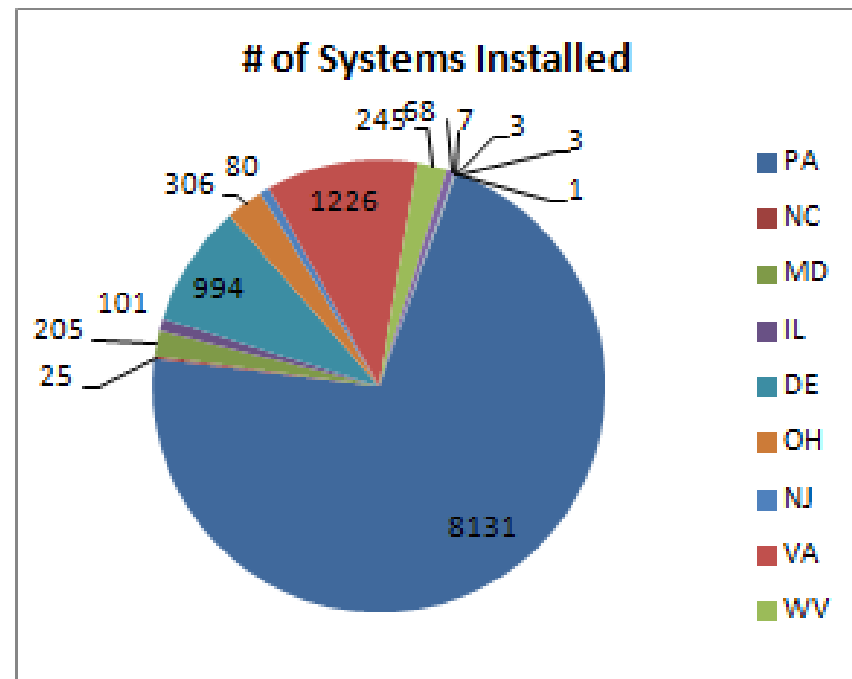
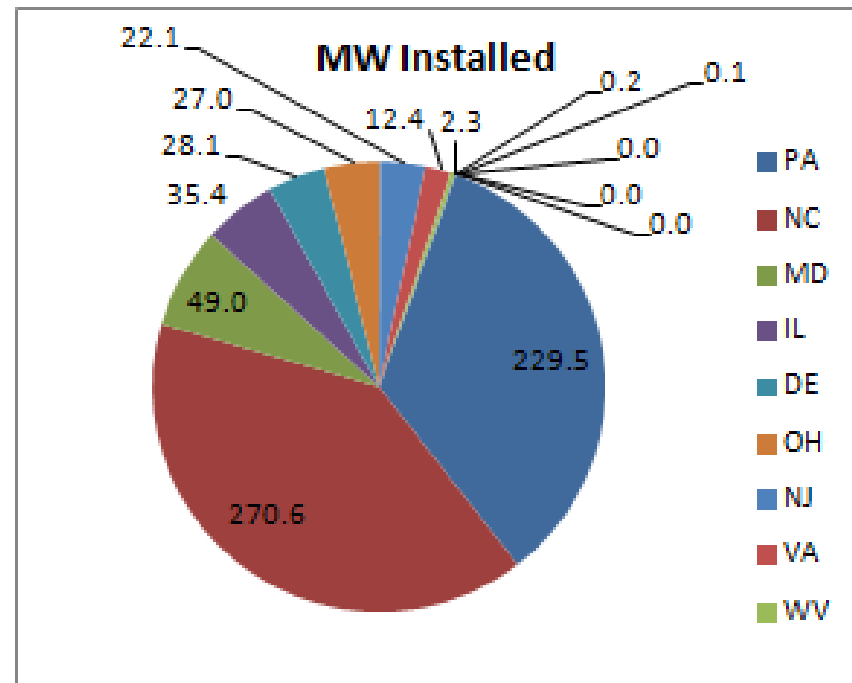


PASEIA - 2/22/2016

~ 1,134 SRECs/Yr per MW Equivalent (AEPS)

Solar PV Systems and Capacity Registered in the PA AEPS – By State

State	MW	# Systems
PA	229.5	8,131
	34%	71%
NC	270.6	25
MD	49.0	205
IL	35.4	101
DE	28.1	994
OH	27.0	306
NJ	22.1	80
VA	12.4	1,226
WV	2.3	245
DC	0.2	68
IN	0.1	7
MI	0.0	3
TN	0.0	3
KY	0.0	1
Subtotal	447.2	3,264
	66%	29%
Grand Total	676.7	11,395



SREC Status in PA

- SREC market still vastly oversupplied, with ~ 66% of the total capacity of PV systems registered in the PA AEPS are out of state projects; Total PV capacity registered has exceeded the final 0.5% solar requirement by 2021
- 112 MW of out state solar capacity has registered in the PA AEPS Program since Jan 1, 2016
- North Carolina now has 40 MW more solar capacity installed that is registered in the PA AEPS than all of the solar PV capacity installed in PA!!
- PA SREC price about <\$15-\$18/SREC since mid-July 2015 (7 months); highest price in 2015 was about \$55/SREC in mid-February; ~ \$50/SREC from mid-Nov 2014 – mid Mar 2015, then tumbled
- InClimate Solutions is now the PA AEPS Program Administrator as of Jan 1, 2016

Status in PA

(Legislation/Regulation)

- PA PUC voted in favor (3 to 2) of their most recent proposed **Net Metering, Interconnection** and the AEPS Rulemaking Order – **Definitely several steps back for Solar in PA**; Must still be approved by Independent Regulatory Review Commission (IRRC)
 - PUC give themselves the *authority* to establish a net metering fee or to review/approve a utility's proposed net metering fee
 - Now NEM system capacity limited based on 200% of annual usage (PUC does not have the authority to define this additional capacity limit)
 - Virtual net metering now requires an existing measurable load at every meter, including at the point of interconnection – This now restricts any chance of community solar in PA
 - New application for >500 kW installs; EDC required to send application to PUC for approval
 - Dispute option under interconnection: PUC removed “technical master” support

Status in PA

RE: Net Metering - Continued

Excerpt from PUC Commissioner Andrew Place's Dissenting Statement

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

Other Solar Status in PA

- Commonwealth Finance Authority (CFA) \$30M Solar Fund – CFA Board has a meeting set on March 9, 2016, to review Gabriel Assoc. report and recommendations for funding applications and allocation; They might vote on launching the program; Meeting is open to all
- John Hanger, PA Secretary of Planning and Policy, has resigned
- Wolf Administration and the Legislators still in a serious log jam regarding the state budget – proposed \$50M for solar funding originally earmarked in Wolf's budget not expected to materialize