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May 20, 2009

**Dear Honorable Representative Camille George and Members of the House
Environmental, Resources and Energy Committee,**

The Solar Alliance submits testimony in support of the solar provisions of House Bill #80 (Printer's #1000) which amends the Act of November 30, 2004 (P.L. 1672, No. 213) known as the Alternative Energy Portfolio Act and as amended July 17, 2007 (P.L. 114, No.35). In particular, the Solar Alliance is in support of the following two provisions in this bill the increase in the solar share and the authority given to the Public Utility Commission to set the Alternative Compliance Payment. Section (b) (2) (xv)(xvi)(xvii)(xviii) (xix) (xx)(xxi) adds new language that starting June 1, 2021, the solar share increases until it reaches 3% of the total percentage of the electric energy sold by an electric distribution company or electric generation supplier to retail electric customers in the Commonwealth by June 1, 2026 and thereafter.

This increase in the solar share is consistent with the direction that many other states and the country as a whole are taking , and it helps to enhance the many positive benefits of solar, some of which are listed below. New Jersey recently raised the goals of their solar program and now requires 2.12% solar by 2021 which is about 1500 MW, almost double Pennsylvania's current requirement. Maryland's solar requirement is now 2% by 2022 and Delaware is 2.005% by 2019.

The following preliminary data developed by the Interstate Renewable Energy Council (IREC) shows growth of solar installed capacity in the four largest US markets. The cumulative information from just these four states exceeds the installed megawatts required under Pennsylvania's Alternative Energy Portfolio Standard.

State Solar Leaders	California	New Jersey	Colorado	Nevada
MW Installed 2008	178.6	22.5	21.6	14.9
Cumulative	530.1	70	35.7	34.2

The solar industry is experiencing rapid growth rates and there is potential for continued growth. According to a recent Solar Energy Industries Association study “Tracking the Sun: The Installed Cost of Photovoltaics in the U.S. from 1998-2007”, the average installed cost in 2007 dollars decreased by 3.5% a year. With the current rate of investment in R&D to increase production, this downward cost trend should continue. These and other factors will allow solar to play a greater role in meeting Pennsylvania’s future energy needs.

. States are beginning to see the benefits of solar such as:

- *Less reliance on foreign energy from unstable countries or those with poor US relations*
- *Good paying jobs that can't be exported and stay local*
- *Local economic development opportunities*
- *Helps with grid reliability and grid stability*
- *Emergency back up power or critical use infrastructure*
- *Can relieve grid congestion*
- *Location at point of use or distributive generation which can take pressure off local distribution lines*
- *National security benefits*
- *Downward pressure on electricity rate and*
- *Cleaner air and mitigation of greenhouse gases.*

An April 2009 study conducted by the American Council for an Energy Efficient Economy analyzed the potential for energy efficiency, demand response, and onsite solar energy in Pennsylvania. Among the findings, the report shows that the technical potential for onsite solar electricity using photovoltaics, solar water heating and solar air heating is that they can offset about 29,000 GWh and 66 TBtu of conventional electric generation equivalent to 20% of all residential energy use and 39% of all commercial use.

In addition to the increase in solar share, HB80 allows the Public Utility Commission to clarify the value of the ACP. This important change to the legislation is found under (f) (4) under the Alternative compliance payment (ACP) section and will allow the ACP to provide the incentive for solar development and stability to the financial market that the ACP was created for. The ACP is currently set at “200% of the average market value of solar renewable energy credits sold during the reporting period within the service region of the regional transmission organization, including, where applicable, the levelized upfront rebates received by sellers of solar renewable energy credits in other jurisdictions in the PJM Interconnection, or its successor”. The proposed modification would give the commission the authority to establish the value for the ACP over a set period of years. This is important to promote predictable alternative energy credit prices which helps properly value those assets and create more stable market conditions. Currently banks and other financiers deeply discount the value the solar alternative energy credits play in financing projects. It is also our understanding that the electric distribution companies would like to see a set value assigned for the same reasons. Other states in the region with portfolio standards such as Maryland, New Jersey, Ohio and Washington, DC set a firm alternative compliance payment. The Solar Alliance requests Pennsylvania join the surrounding states and allow the Public Utility Commission to set a firm ACP over a period of years.

Thank you for your interest in growing the Pennsylvania solar market.

Submitted by: Maureen Mulligan on behalf of Solar Alliance