
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1427 Session of
2007

INTRODUCED BY BENNINGTON, SIPTROTH, HARPER, WAGNER, VITALI,
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RUBLEY AND KULA, SEPTEMBER 19, 2007

REFERRED TO COMMITTEE ON ENVIRONMENTAL RESOURCES AND ENERGY,
SEPTEMBER 19, 2007

AN ACT

1 Amending the act of November 30, 2004 (P.L.1672, No.213),
2 entitled, "An act providing for the sale of electric energy
3 generated from renewable and environmentally beneficial
4 sources, for the acquisition of electric energy generated
5 from renewable and environmentally beneficial sources by
6 electric distribution and supply companies and for the powers
7 and duties of the Pennsylvania Public Utility Commission,"
8 defining "Tier III alternative energy resource"; and further
9 providing for alternative energy portfolio standards.

10 The General Assembly of the Commonwealth of Pennsylvania
11 hereby enacts as follows:

12 Section 1. Section 2 of the act of November 30, 2004
13 (P.L.1672, No.213), known as the Alternative Energy Portfolio
14 Standards Act, is amended by adding a definition to read:

15 Section 2. Definitions.

16 The following words and phrases when used in this act shall
17 have the meanings given to them in this section unless the
18 context clearly indicates otherwise:

19 * * *

20 "Tier III alternative energy resource." Energy use avoided

1 through energy efficiency, conservation or any like reduction in
2 the rate of energy used that is obtained by substituting
3 technologically more advanced equipment to produce the same
4 level of output using less electricity; adoption of technologies
5 and processes that reduce heat or other energy losses; or
6 reorganization of processes to make use of waste heat.

7 * * *

8 Section 2. Section 3(a) and (b) of the act, amended July 17,
9 2007 (P.L.114, No.35), are amended and the section is amended by
10 adding a subsection to read:

11 Section 3. Alternative energy portfolio standards.

12 (a) General compliance and cost recovery.--

13 (1) From the effective date of this act through and
14 including the [15th] 21st year after enactment of this act
15 and each year thereafter, the electric energy sold by an
16 electric distribution company or electric generation supplier
17 to retail electric customers in this Commonwealth shall be
18 comprised of electricity generated from alternative energy
19 sources and in the percentage amounts as described under
20 subsections (b) and (c).

21 (2) Electric distribution companies and electric
22 generation suppliers shall satisfy both requirements set
23 forth in subsections (b) and (c), provided, however, that an
24 electric distribution company or an electric generation
25 supplier shall be excused from its obligations under this
26 section to the extent that the commission determines that
27 force majeure exists.

28 (3) All costs for:

29 (i) the purchase of electricity generated from
30 alternative energy sources, including the costs of the

1 regional transmission organization, in excess of the
2 regional transmission organization real-time locational
3 marginal pricing, or its successor, at the delivery point
4 of the alternative energy source for the electrical
5 production of the alternative energy sources; and

6 (ii) payments for alternative energy credits,
7 in both cases that are voluntarily acquired by an electric
8 distribution company during the cost recovery period on
9 behalf of its customers shall be deferred as a regulatory
10 asset by the electric distribution company and fully
11 recovered, with a return on the unamortized balance, pursuant
12 to an automatic energy adjustment clause under 66 Pa.C.S. §
13 1307 (relating to sliding scale of rates; adjustments) as a
14 cost of generation supply under 66 Pa.C.S. § 2807 (relating
15 to duties of electric distribution companies) in the first
16 year after the expiration of its cost-recovery period. After
17 the cost-recovery period, any direct or indirect costs for
18 the purchase by electric distribution of resources to comply
19 with this section, including, but not limited to, the
20 purchase of electricity generated from alternative energy
21 sources, payments for alternative energy credits, cost of
22 credits banked, payments to any third party administrators
23 for performance under this act and costs levied by a regional
24 transmission organization to ensure that alternative energy
25 sources are reliable, shall be recovered on a full and
26 current basis pursuant to an automatic energy adjustment
27 clause under 66 Pa.C.S. § 1307 as a cost of generation supply
28 under 66 Pa.C.S. § 2807.

29 (b) Tier I and solar photovoltaic shares.--

30 (1) Two years after the effective date of this act, at

1 least 1.5% of the electric energy sold by an electric
2 distribution company or electric generation supplier to
3 retail electric customers in this Commonwealth shall be
4 generated from Tier I alternative energy sources. Except as
5 provided in this section, the minimum percentage of electric
6 energy required to be sold to retail electric customers from
7 alternative energy sources shall increase to 2% three years
8 after the effective date of this act. The minimum percentage
9 of electric energy required to be sold to retail electric
10 customers from alternative energy sources shall increase by
11 at least 0.5% each year so that at least [8%] 6% of the
12 electric energy sold by an electric distribution company or
13 electric generation supplier to retail electric customers in
14 that certificated territory in the [15th] 7th year after the
15 effective date of this subsection is sold from Tier I
16 alternative energy resources. The minimum percentage of
17 electric energy required to be sold to retail electric
18 customers from alternative energy sources shall increase by
19 at least 1.357% each year beginning in the 8th year after the
20 effective date of this act so that at least 25% of the
21 electric energy sold by an electric distribution company or
22 electric generation supplier to retail electric customers in
23 that certified territory in the 21st year after the effective
24 date of this act is sold from Tier I alternative energy
25 sources. As enumerated in subsection (c.1), a specified
26 portion of Tier III alternative energy resources may be
27 substituted for Tier I energy resources beginning in years 12
28 through 21.

29 (2) The total percentage of the electric energy sold by
30 an electric distribution company or electric generation

1 supplier to retail electric customers in this Commonwealth
2 that must be sold from solar photovoltaic technologies is:

3 (i) 0.0013% for June 1, 2006, through May 31, 2007.

4 (ii) 0.0030% for June 1, 2007, through May 31, 2008.

5 (iii) 0.0063% for June 1, 2008, through May 31,
6 2009.

7 (iv) 0.0120% for June 1, 2009, through May 31, 2010.

8 (v) 0.0203% for June 1, 2010, through May 31, 2011.

9 (vi) 0.0325% for June 1, 2011, through May 31, 2012.

10 (vii) 0.0510% for June 1, 2012, through May 31,
11 2013.

12 (viii) 0.0840% for June 1, 2013, through May 31,
13 2014.

14 (ix) 0.1440% for June 1, 2014, through May 31, 2015.

15 (x) 0.2500% for June 1, 2015, through May 31, 2016.

16 (xi) 0.2933% for June 1, 2016, through May 31, 2017.

17 (xii) 0.3400% for June 1, 2017, through May 31,
18 2018.

19 (xiii) 0.3900% for June 1, 2018, through May 31,
20 2019.

21 (xiv) 0.4433% for June 1, 2019, through May 31,
22 2020.

23 (xv) 0.5000% for June 1, 2020, [and thereafter]
24 through May 31, 2021.

25 (xvi) 0.6500% for June 1, 2021, through May 31,
26 2022.

27 (xvii) 0.8000% for June 1, 2022, through May 31,
28 2023.

29 (xviii) 0.9500% for June 1, 2023, through May 31,
30 2024.

1 (xix) 1.100% for June 1, 2024, through May 31, 2025.

2 (xx) 1.2500% for June 1, 2025, through May 31, 2026.

3 (xxi) 1.5000% for June 1, 2026, and thereafter.

4 (3) Upon commencement of the beginning of the 6th
5 reporting year, the commission shall undertake a review of
6 the compliance by electric distribution companies and
7 electric generation suppliers with the requirements of this
8 act. The review shall also include the status of alternative
9 energy technologies within this Commonwealth and the capacity
10 to add additional alternative energy resources. The
11 commission shall use the results of this review to recommend
12 to the General Assembly additional compliance goals beyond
13 year [15] 21. The commission shall work with the department
14 in evaluating the future alternative energy resource
15 potential.

16 * * *

17 (c.1) Tier III share.--

18 (1) Beginning in year 12, each electric distribution
19 company or electrical generation supplier must acquire cost-
20 effective energy efficiency savings equivalent to at least
21 the following percentage of electrical energy sold. The
22 following are the maximum percentages that may be substituted
23 for the Tier I share:

24 (i) Year 12 - 0.5000%.

25 (ii) Year 13 - 1.000%.

26 (iii) Year 14 - 1.500%.

27 (iv) Year 15 - 2.000%.

28 (v) Year 16 - 2.500%.

29 (vi) Year 17 - 3.000%.

30 (vii) Year 18 - 3.500%.

1 (viii) Year 19 - 4.000%.

2 (ix) Year 20 - 4.500%.

3 (x) Year 21 - 5.000%.

4 (2) The electric distribution company or electrical
5 generation supplier shall achieve these shares through the
6 implementation of direct market-based energy efficiency
7 programs, market transformation programs offered directly to
8 customers in their service territory or by entering into
9 contracts with energy efficiency service providers to acquire
10 cost-effective energy savings.

11 (3) All savings must be verified in accordance with this
12 paragraph. Each project or program shall include an industry
13 accepted measurement and verification protocol approved by
14 the commission as part of the detailed energy efficiency plan
15 that will be used to measure and verify energy and peak
16 demand savings to ensure that the goals of this section are
17 achieved. The following apply:

18 (i) The energy efficiency service provider is
19 responsible for the measurement of energy and peak demand
20 savings using the approved measurement and verification
21 protocol and may utilize the services of an independent
22 third party for such purposes.

23 (ii) Commission-approved deemed energy and peak
24 demand savings may substitute for the energy efficiency
25 service provider's measurement and verification where
26 applicable.

27 (iii) Each customer shall sign a certification
28 indicating that the measures contracted for were
29 installed before final payment is made to the energy
30 efficiency service provider.

1 * * *

2 Section 3. This act shall take effect in 90 days.