

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2250 Session of 2003

INTRODUCED BY ROSS, RUBLEY, BASTIAN, CAPPELLI, CREIGHTON, CURRY, EACHUS, FLICK, FREEMAN, GEORGE, GINGRICH, GRUCELA, HARPER, HARRIS, HERSHEY, HORSEY, JOSEPHS, LEACH, LEVDANSKY, MANN, McILHINNEY, MUNDY, NICKOL, PISTELLA, ROONEY, STURLA, TANGRETTI, E. Z. TAYLOR, VEON, VITALI, WALKO, WASHINGTON, WATSON, YUDICHAK, BUXTON, THOMAS PRESTON, SAMUELSON, GERGELY AND MCGEEHAN, DECEMBER 8, 2003

AS REPORTED FROM COMMITTEE ON ENVIRONMENTAL RESOURCES AND ENERGY, HOUSE OF REPRESENTATIVES, AS AMENDED, NOVEMBER 17, 2004

AN ACT

1 ~~Providing for the sale of electric energy generated from~~ <—
2 ~~renewable sources, for the acquisition of this power by~~
3 ~~electric distribution and supply companies and for the powers~~
4 ~~and duties of the Pennsylvania Public Utility Commission; and~~
5 ~~imposing penalties.~~

6 PROVIDING FOR THE SALE OF ELECTRIC ENERGY GENERATED FROM <—
7 RENEWABLE AND ENVIRONMENTALLY BENEFICIAL SOURCES, FOR THE
8 ACQUISITION OF ELECTRIC ENERGY GENERATED FROM RENEWABLE AND
9 ENVIRONMENTALLY BENEFICIAL SOURCES BY ELECTRIC DISTRIBUTION
10 AND SUPPLY COMPANIES AND FOR THE POWERS AND DUTIES OF THE
11 PENNSYLVANIA PUBLIC UTILITY COMMISSION.

12 The General Assembly of the Commonwealth of Pennsylvania
13 hereby enacts as follows:

14 ~~Section 1. Short title.~~ <—

15 ~~This act shall be known and may be cited as the Renewable~~
16 ~~Portfolio Standards Act.~~

17 ~~Section 2. Definitions.~~

18 ~~The following words and phrases when used in this act shall~~
19 ~~have the meanings given to them in this section unless the~~

1 ~~context clearly indicates otherwise:~~

2 ~~"Commission."—The Pennsylvania Public Utility Commission.~~

3 ~~"Electric distribution company."—An incorporated entity that~~
4 ~~receives electric power from an electric generator and~~
5 ~~distributes that power to consumers.~~

6 ~~"Electric generation supplier."—An incorporated entity that~~
7 ~~generates and supplies electric power.~~

8 ~~"Renewable energy credit."—A tradable instrument that is~~
9 ~~used to track and verify compliance with the provisions of this~~
10 ~~act.~~

11 ~~"Renewable portfolio standards."—Standards establishing that~~
12 ~~a certain amount of renewable energy is included as part of the~~
13 ~~sources of electric generation by electric utilities within this~~
14 ~~Commonwealth.~~

15 ~~"Renewable resources."—Any of the following:~~

16 ~~(1)—Solar photovoltaic energy.~~

17 ~~(2)—Solar thermal energy.~~

18 ~~(3)—Wind power.~~

19 ~~(4)—Low impact hydropower.~~

20 ~~(5)—Geothermal energy.~~

21 ~~(6)—Biologically derived methane gas.~~

22 ~~(7)—Energy from waste and sustainable biomass energy.~~

23 ~~The term does not include municipal solid, industrial, residual~~
24 ~~or any hazardous waste burned for the generation of electric~~
25 ~~energy.~~

26 ~~Section 3.—Renewable portfolio standard.~~

27 ~~(a)—General rule.—In the tenth year after the effective~~
28 ~~date of this section and each year thereafter, at least 10% of~~
29 ~~the electric energy sold by an electric distribution company or~~
30 ~~electric generation supplier to retail customers in this~~

1 ~~Commonwealth shall be generated from renewable resources. Such~~
2 ~~electric energy generated from renewable resources shall be~~
3 ~~generated at facilities within the geographic limits of an~~
4 ~~independent system operator that operates a transmission system~~
5 ~~and interstate power pool delivering electric energy to retail~~
6 ~~customers in this Commonwealth.~~

7 ~~(b) Phase in.—~~

8 ~~(1) One year after the effective date of this section,~~
9 ~~at least 2.5% of the electric energy sold by an electric~~
10 ~~distribution company or electric generation supplier to~~
11 ~~retail customers in this Commonwealth shall be generated from~~
12 ~~renewable resources.~~

13 ~~(2) Except as provided in paragraph (3), the minimum~~
14 ~~percentage of electric energy required to be generated from~~
15 ~~renewable resources shall increase to 3% two years after the~~
16 ~~effective date of this section and shall increase by an~~
17 ~~additional 0.5% for each succeeding year thereafter.~~

18 ~~(3) After the expiration of the period for collection of~~
19 ~~the competitive transition charge from retail customers in an~~
20 ~~individual certificated territory, the minimum percentage of~~
21 ~~electric energy required to be generated from renewable~~
22 ~~resources shall increase by an equal amount in each year so~~
23 ~~that at least 10% of the electric energy sold by an electric~~
24 ~~distribution company or electric generation supplier to~~
25 ~~retail customers in that certificated territory in the tenth~~
26 ~~year after the effective date of this subsection is generated~~
27 ~~from renewable resources.~~

28 ~~(c) Credits.—~~

29 ~~(1) The commission shall establish a renewable energy~~
30 ~~tradable credits program as needed to implement this act.~~

1 ~~(2) (i) An electric distribution company or electric~~
2 ~~generation supplier shall comply with the applicable~~
3 ~~requirements of this section by purchasing sufficient~~
4 ~~renewable energy credits and submitting documentation of~~
5 ~~compliance to the program administrator.~~

6 ~~(ii) For purposes of this subsection, one renewable~~
7 ~~energy credit shall represent one megawatt hour of~~
8 ~~qualified renewable electric energy, whether self-~~
9 ~~generated, purchased along with the electric commodity or~~
10 ~~separately through a tradable instrument and otherwise~~
11 ~~meeting the requirements of commission regulations and~~
12 ~~the program administrator.~~

13 ~~(3) The commission shall approve an independent entity~~
14 ~~to serve as the renewable energy credits program~~
15 ~~administrator. The administrator shall have those powers and~~
16 ~~duties assigned by commission regulations. Such powers and~~
17 ~~duties shall include, but not be limited to, the following:~~

18 ~~(i) to create and administer a renewable energy~~
19 ~~tradable credits certification, tracking and reporting~~
20 ~~program;~~

21 ~~(ii) to perform audits to verify that each electric~~
22 ~~distribution company and electric generation supplier is~~
23 ~~in compliance with subsection (a) or (b); and~~

24 ~~(iii) to submit reports to the commission at such~~
25 ~~times and in such manner as the commission shall direct.~~

26 ~~(d) Penalties.—~~

27 ~~(1) At the end of each program year, the program~~
28 ~~administrator shall make a determination whether each~~
29 ~~electric distribution company and electric generation~~
30 ~~supplier is in compliance with subsection (a) or (b).~~

1 ~~(2) The commission shall conduct a review of each~~
2 ~~determination made under paragraph (1). If, after notice and~~
3 ~~hearing, the commission determines that an electric~~
4 ~~distribution company or electric generation supplier has~~
5 ~~failed to comply with subsection (a) or (b), the commission~~
6 ~~shall impose a civil penalty on that company or supplier,~~
7 ~~which penalty shall be the lesser of the following:~~

8 ~~(i) fifty dollars times the number of additional~~
9 ~~renewable energy credits needed in order to comply with~~
10 ~~subsection (a) or (b); or~~

11 ~~(ii) two hundred percent of the average market value~~
12 ~~of renewable energy credits sold for the year times the~~
13 ~~number of additional energy credits required to comply~~
14 ~~with subsection (a) or (b) for that year.~~

15 ~~(c) Transfer to Clean Air Fund.—~~

16 ~~(1) Notwithstanding the provisions of 66 Pa.C.S. §§ 511~~
17 ~~(relating to disposition, appropriation and disbursement of~~
18 ~~assessments and fees) and 3315 (relating to disposition of~~
19 ~~finances and penalties), penalties imposed pursuant to this act~~
20 ~~shall be paid into the Clean Air Fund established by section~~
21 ~~9.2 of the act of January 8, 1960 (1959 P.L.2119, No.787),~~
22 ~~known as the Air Pollution Control Act.~~

23 ~~(2) A separate account is established in the Clean Air~~
24 ~~Fund to receive the penalties imposed pursuant to this act.~~

25 ~~(3) The money in the account shall be utilized solely~~
26 ~~for projects that will increase the amount of electric energy~~
27 ~~generated from renewable resources for purposes of compliance~~
28 ~~with subsections (a) and (b).~~

29 ~~Section 4.— Effective date.~~

30 ~~This act shall take effect in 90 days.~~

1 SECTION 1. SHORT TITLE.

2 THIS ACT SHALL BE KNOWN AND MAY BE CITED AS THE ALTERNATIVE
3 ENERGY PORTFOLIO STANDARDS ACT.

4 SECTION 2. DEFINITIONS.

5 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS ACT SHALL
6 HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE
7 CONTEXT CLEARLY INDICATES OTHERWISE:

8 "ALTERNATIVE ENERGY CREDIT." A TRADABLE INSTRUMENT THAT IS
9 USED TO ESTABLISH, VERIFY AND MONITOR COMPLIANCE WITH THIS ACT.
10 A UNIT OF CREDIT SHALL EQUAL ONE MEGAWATT HOUR OF ELECTRICITY
11 FROM AN ALTERNATIVE ENERGY SOURCE.

12 "ALTERNATIVE ENERGY PORTFOLIO STANDARDS." STANDARDS
13 ESTABLISHING THAT A CERTAIN AMOUNT OF ENERGY SOLD FROM
14 ALTERNATIVE ENERGY SOURCES IS INCLUDED AS PART OF THE SOURCES OF
15 ELECTRIC GENERATION BY ELECTRIC UTILITIES WITHIN THIS
16 COMMONWEALTH.

17 "ALTERNATIVE ENERGY SOURCES." THE TERM SHALL INCLUDE THE
18 FOLLOWING SOURCES FOR THE PRODUCTION OF ELECTRICITY:

- 19 (1) SOLAR PHOTOVOLTAIC ENERGY.
- 20 (2) SOLAR THERMAL ENERGY.
- 21 (3) WIND POWER.
- 22 (4) LARGE-SCALE HYDROPOWER.
- 23 (5) LOW-IMPACT HYDROPOWER, CONSISTING OF ANY TECHNOLOGY
24 THAT PRODUCES LESS THAN 50 MEGAWATTS OF ELECTRIC POWER AND
25 THAT HARNESSSES THE HYDROELECTRIC POTENTIAL OF MOVING WATER
26 IMPOUNDMENTS, PROVIDED SUCH INCREMENTAL HYDROELECTRIC
27 DEVELOPMENT:

28 (I) DOES NOT ADVERSELY CHANGE EXISTING IMPACTS TO
29 AQUATIC SYSTEMS;

30 (II) MEETS THE CERTIFICATION STANDARDS ESTABLISHED

1 BY THE LOW IMPACT HYDROPOWER INSTITUTE AND AMERICAN
2 RIVERS, INC., OR THEIR SUCCESSORS;

3 (III) PROVIDES AN ADEQUATE WATER FLOW FOR PROTECTION
4 OF AQUATIC LIFE AND FOR SAFE AND EFFECTIVE FISH PASSAGE;

5 (IV) PROTECTS AGAINST EROSION; AND

6 (V) PROTECTS CULTURAL AND HISTORIC RESOURCES.

7 (6) GEOTHERMAL ENERGY, WHICH SHALL MEAN ELECTRICITY
8 PRODUCED BY EXTRACTING HOT WATER OR STEAM FROM GEOTHERMAL
9 RESERVES IN THE EARTH'S CRUST AND SUPPLIED TO STEAM TURBINES
10 THAT DRIVE GENERATORS TO PRODUCE ELECTRICITY.

11 (7) BIOMASS ENERGY, WHICH SHALL MEAN THE GENERATION OF
12 ELECTRICITY UTILIZING THE FOLLOWING:

13 (I) ORGANIC MATERIAL FROM A PLANT THAT IS GROWN FOR
14 THE PURPOSE OF BEING USED TO PRODUCE ELECTRICITY OR IS
15 PROTECTED BY THE FEDERAL CONSERVATION RESERVE PROGRAM
16 (CRP) AND PROVIDED FURTHER THAT CROP PRODUCTION ON CRP
17 LANDS DOES NOT PREVENT ACHIEVEMENT OF THE WATER QUALITY
18 PROTECTION, SOIL EROSION PREVENTION OR WILDLIFE
19 ENHANCEMENT PURPOSES FOR WHICH THE LAND WAS PRIMARILY SET
20 ASIDE; OR

21 (II) ANY SOLID NONHAZARDOUS, CELLULOSIC WASTE
22 MATERIAL THAT IS SEGREGATED FROM OTHER WASTE MATERIALS,
23 BY-PRODUCTS OF THE PULPING PROCESS AND WOOD MANUFACTURING
24 PROCESS INCLUDING BARK, WOOD CHIPS, SAWDUST AND LIGNIN IN
25 SPENT PULPING LIQUORS, WASTE PALLETS, CRATES AND
26 LANDSCAPE OR RIGHT-OF-WAY TREE TRIMMINGS OR AGRICULTURAL
27 SOURCES, INCLUDING ORCHARD TREE CROPS, VINEYARDS, GRAIN,
28 LEGUMES, SUGAR AND OTHER CROP BY-PRODUCTS OR RESIDUES.

29 (8) BIOLOGICALLY DERIVED METHANE GAS, WHICH SHALL
30 INCLUDE METHANE FROM THE ANAEROBIC DIGESTION OF ORGANIC

1 MATERIALS FROM YARD WASTE, SUCH AS GRASS CLIPPINGS AND
2 LEAVES, FOOD WASTE, ANIMAL WASTE AND SEWAGE SLUDGE. THE TERM
3 ALSO INCLUDES LANDFILL METHANE GAS.

4 (9) FUEL CELLS, WHICH SHALL MEAN ANY ELECTROCHEMICAL
5 DEVICE THAT CONVERTS CHEMICAL ENERGY IN A HYDROGEN-RICH FUEL
6 DIRECTLY INTO ELECTRICITY, HEAT AND WATER WITHOUT COMBUSTION.

7 (10) WASTE COAL, WHICH SHALL INCLUDE THE COMBUSTION OF
8 WASTE COAL IN FACILITIES IN WHICH THE WASTE COAL WAS DISPOSED
9 OR ABANDONED PRIOR TO JULY 31, 1982, OR DISPOSED OF
10 THEREAFTER IN A PERMITTED COAL REFUSE DISPOSAL SITE
11 REGARDLESS OF WHEN DISPOSED OF, AND USED TO GENERATE
12 ELECTRICITY; OR SUCH OTHER WASTE COAL COMBUSTION MEETING
13 ALTERNATE ELIGIBILITY REQUIREMENTS ESTABLISHED BY REGULATION.
14 FACILITIES COMBUSTING WASTE COAL SHALL USE AT A MINIMUM A
15 COMBINED FLUIDIZED BED BOILER AND BE OUTFITTED WITH A
16 LIMESTONE INJECTION SYSTEM AND A FABRIC FILTER PARTICULATE
17 REMOVAL SYSTEM. ALTERNATIVE ENERGY CREDITS SHALL BE
18 CALCULATED BASED UPON THE PROPORTION OF WASTE COAL UTILIZED
19 TO PRODUCE ELECTRICITY AT THE FACILITY.

20 (11) COAL MINE METHANE, WHICH SHALL MEAN METHANE GAS
21 EMITTING FROM ABANDONED OR WORKING COAL MINES.

22 (12) DEMAND SIDE MANAGEMENT CONSISTING OF THE MANAGEMENT
23 OF CUSTOMER CONSUMPTION OF ELECTRICITY OR THE DEMAND FOR
24 ELECTRICITY THROUGH THE IMPLEMENTATION OF:

25 (I) ENERGY EFFICIENCY TECHNOLOGIES, MANAGEMENT
26 PRACTICES OR OTHER STRATEGIES IN RESIDENTIAL,
27 INSTITUTIONAL OR GOVERNMENT CUSTOMERS THAT REDUCE
28 ELECTRICITY CONSUMPTION BY THOSE CUSTOMERS;

29 (II) LOAD MANAGEMENT OR DEMAND RESPONSE

30 TECHNOLOGIES, MANAGEMENT PRACTICES OR OTHER STRATEGIES IN

1 RESIDENTIAL, COMMERCIAL, INDUSTRIAL, INSTITUTIONAL AND
2 GOVERNMENT CUSTOMERS THAT SHIFT ELECTRIC LOAD FROM
3 PERIODS OF HIGHER DEMAND TO PERIODS OF LOWER DEMAND,
4 INCLUDING PUMP STORAGE TECHNOLOGIES; OR

5 (III) INDUSTRIAL BY-PRODUCT TECHNOLOGIES CONSISTING
6 OF THE USE OF A BY-PRODUCT FROM AN INDUSTRIAL PROCESS,
7 INCLUDING THE REUSE OF ENERGY FROM EXHAUST GASES OR OTHER
8 MANUFACTURING BY-PRODUCTS THAT ARE USED IN THE DIRECT
9 PRODUCTION OF ELECTRICITY AT THE FACILITY OF A CUSTOMER.

10 (13) DISTRIBUTED GENERATION SYSTEM, WHICH SHALL MEAN THE
11 SMALL-SCALE POWER GENERATION OF ELECTRICITY USING AN
12 ALTERNATIVE ENERGY SOURCE AT A SITE THAT DOES NOT USE THE
13 FACILITIES OF AN ELECTRIC DISTRIBUTION COMPANY OR A REGIONAL
14 TRANSMISSION ORGANIZATION TO SUPPLY AN END USER.

15 "ALTERNATIVE ENERGY SYSTEM." A FACILITY OR ENERGY SYSTEM
16 THAT USES A FORM OF ALTERNATIVE ENERGY SOURCE TO GENERATE
17 ELECTRICITY AND DELIVERS THE ELECTRICITY IT GENERATES TO THE
18 DISTRIBUTION SYSTEM OF AN ELECTRIC DISTRIBUTION COMPANY OR TO
19 THE TRANSMISSION SYSTEM OPERATED BY A REGIONAL TRANSMISSION
20 ORGANIZATION.

21 "COMMISSION." THE PENNSYLVANIA PUBLIC UTILITY COMMISSION.

22 "COST RECOVERY PERIOD." THE PERIOD DURING WHICH COMPETITIVE
23 TRANSITION CHARGES UNDER 66 PA.C.S § 2808 (RELATING TO
24 COMPETITIVE TRANSITION CHARGE) OR INTANGIBLE TRANSITION CHARGES
25 UNDER 66 PA.C.S. § 2812 (RELATING TO APPROVAL OF TRANSITION
26 BONDS) ARE RECOVERED OR THE PERIOD DURING WHICH AN ELECTRIC
27 DISTRIBUTION COMPANY OPERATES UNDER A PENNSYLVANIA PUBLIC
28 UTILITY COMMISSION-APPROVED GENERATION RATE PLAN THAT HAS BEEN
29 APPROVED WITHIN ONE YEAR OF THE EFFECTIVE DATE OF THIS ACT, BUT
30 IN NO CASE SHALL THE COST RECOVERY PERIOD UNDER THIS ACT EXTEND

1 BEYOND DECEMBER 31, 2010.

2 "CUSTOMER-GENERATOR." A NONUTILITY OWNER OR OPERATOR OF A
3 NET METERED DISTRIBUTED GENERATION SYSTEM WITH A NAMEPLATE
4 CAPACITY OF NOT GREATER THAN 50 KILOWATTS IF INSTALLED AT A
5 RESIDENTIAL SERVICE OR NOT LARGER THAN 1,000 KILOWATTS AT OTHER
6 CUSTOMER SERVICE LOCATIONS, EXCEPT FOR CUSTOMERS WHOSE SYSTEMS
7 ARE ABOVE ONE MEGAWATT AND UP TO TWO MEGAWATTS WHO MAKE THEIR
8 SYSTEMS AVAILABLE TO OPERATE IN PARALLEL WITH THE ELECTRIC
9 UTILITY DURING GRID EMERGENCIES AS DEFINED BY THE REGIONAL
10 TRANSMISSION ORGANIZATION, OR WHERE A MICROGRID IS IN PLACE FOR
11 THE PURPOSE OF MAINTAINING CRITICAL INFRASTRUCTURE, SUCH AS
12 HOMELAND SECURITY ASSIGNMENTS, EMERGENCY SERVICES FACILITIES,
13 HOSPITALS, TRAFFIC SIGNALS, WASTEWATER TREATMENT PLANTS OR
14 TELECOMMUNICATIONS FACILITIES, PROVIDED THAT TECHNICAL RULES FOR
15 OPERATING GENERATORS INTERCONNECTED WITH FACILITIES OF AN
16 ELECTRIC DISTRIBUTION COMPANY, ELECTRIC COOPERATIVE OR MUNICIPAL
17 ELECTRIC SYSTEM HAVE BEEN PROMULGATED BY THE INSTITUTE OF
18 ELECTRICAL AND ELECTRONIC ENGINEERS AND THE PENNSYLVANIA PUBLIC
19 UTILITY COMMISSION.

20 "DEPARTMENT." THE DEPARTMENT OF ENVIRONMENTAL PROTECTION OF
21 THE COMMONWEALTH.

22 "ELECTRIC DISTRIBUTION COMPANY." THE TERM SHALL HAVE THE
23 SAME MEANING GIVEN TO IT IN 66 PA.C.S. CH. 28 (RELATING TO
24 RESTRUCTURING OF ELECTRIC UTILITY INDUSTRY).

25 "ELECTRIC GENERATION SUPPLIER." THE TERM SHALL HAVE THE SAME
26 MEANING GIVEN TO IT IN 66 PA.C.S. CH. 28 (RELATING TO
27 RESTRUCTURING OF ELECTRIC UTILITY INDUSTRY).

28 "FORCE MAJEURE." AN EXTENDED PERIOD FOR COMPLIANCE WHICH MAY
29 BE GRANTED BY THE COMMISSION, IF THE COMMISSION DETERMINES THAT
30 ADDITIONAL RESPONSE TIME IS NEEDED BECAUSE OF EXTREME DEVIATIONS

1 IN EXPECTED RENEWABLE GENERATION RESULTING FROM EVENTS THAT ARE
2 IMPOSSIBLE TO CONTROL.

3 "LARGE-SCALE HYDROPOWER." THE PRODUCTION OF AT LEAST 51
4 MEGAWATTS OF ELECTRIC POWER BY HARNESSING THE HYDROELECTRIC
5 POTENTIAL OF MOVING WATER IMPOUNDMENTS.

6 "MUNICIPAL SOLID WASTE." THIS WILL INCLUDE ENERGY FROM
7 EXISTING WASTE TO ENERGY FACILITIES WHICH THE DEPARTMENT OF
8 ENVIRONMENTAL PROTECTION HAS DETERMINED ARE IN COMPLIANCE WITH
9 CURRENT ENVIRONMENTAL STANDARDS, INCLUDING, BUT NOT LIMITED TO,
10 ALL APPLICABLE REQUIREMENTS OF THE CLEAN AIR ACT (69 STAT. 322,
11 42 U.S.C. § 7401 ET SEQ.) AND ASSOCIATED PERMIT RESTRICTIONS,
12 AND ALL APPLICABLE REQUIREMENTS OF THE ACT OF JULY 7, 1980
13 (P.L.380, NO.97), KNOWN AS THE SOLID WASTE MANAGEMENT ACT.

14 "NET METERING." THE MEANS OF MEASURING THE DIFFERENCE
15 BETWEEN THE ELECTRICITY SUPPLIED BY AN ELECTRIC UTILITY AND THE
16 ELECTRICITY GENERATED BY A CUSTOMER-GENERATOR, WHEN THE
17 RENEWABLE ENERGY GENERATING SYSTEM IS INTENDED PRIMARILY TO
18 OFFSET PART OR ALL OF THE CUSTOMER-GENERATOR'S REQUIREMENTS FOR
19 ELECTRICITY.

20 "REGIONAL TRANSMISSION ORGANIZATION." AN ENTITY APPROVED BY
21 THE FEDERAL ENERGY REGULATORY COMMISSION (FERC) THAT IS CREATED
22 TO OPERATE AND MANAGE THE ELECTRICAL TRANSMISSION GRIDS OF THE
23 MEMBER ELECTRIC TRANSMISSION UTILITIES AS REQUIRED UNDER FERC
24 ORDER 2000, DOCKET NO. RM99-2-000, FERC CHAPTER 31.089 (1999) OR
25 ANY SUCCESSOR ORGANIZATION APPROVED BY THE FERC.

26 "REPORTING PERIOD." THE 12-MONTH PERIOD FROM JUNE 1 THROUGH
27 MAY 31. A REPORTING YEAR SHALL BE NUMBERED ACCORDING TO THE
28 CALENDAR YEAR IN WHICH IT BEGINS AND ENDS.

29 "RETAIL ELECTRIC CUSTOMER." THE TERM SHALL HAVE THE SAME
30 MEANING GIVEN TO IT IN 66 PA.C.S CH. 28 (RELATING TO

1 RESTRUCTURING OF ELECTRIC UTILITY INDUSTRY).

2 "TIER I ALTERNATIVE ENERGY SOURCE." ENERGY DERIVED FROM:

- 3 (1) SOLAR PHOTOVOLTAIC ENERGY.
- 4 (2) WIND POWER.
- 5 (3) LOW-IMPACT HYDROPOWER.
- 6 (4) GEOTHERMAL ENERGY.
- 7 (5) BIOLOGICALLY DERIVED METHANE GAS.
- 8 (6) FUEL CELLS.
- 9 (7) BIOMASS ENERGY.

10 "TIER II ALTERNATIVE ENERGY SOURCE." ENERGY DERIVED FROM:

- 11 (1) WASTE COAL.
- 12 (2) DISTRIBUTED GENERATION SYSTEMS.
- 13 (3) DEMAND-SIDE MANAGEMENT.
- 14 (4) COAL MINE METHANE.
- 15 (5) LARGE-SCALE HYDROPOWER.
- 16 (6) MUNICIPAL SOLID WASTE.

17 "TRUE-UP PERIOD." THE PERIOD EACH YEAR FROM THE END OF THE
18 REPORTING YEAR UNTIL SEPTEMBER 1.

19 SECTION 3. ALTERNATIVE ENERGY PORTFOLIO STANDARDS.

20 (A) GENERAL RULE.--FROM THE EFFECTIVE DATE OF THIS ACT
21 THROUGH AND INCLUDING THE 15TH YEAR AFTER ENACTMENT OF THIS ACT,
22 AND EACH YEAR THEREAFTER, THE ELECTRIC ENERGY SOLD BY AN
23 ELECTRIC DISTRIBUTION COMPANY OR ELECTRIC GENERATION SUPPLIER TO
24 RETAIL ELECTRIC CUSTOMERS IN THIS COMMONWEALTH SHALL BE
25 COMPRISED OF ELECTRICITY GENERATED FROM ALTERNATIVE ENERGY
26 SOURCES, AND IN THE PERCENTAGE AMOUNTS AS DESCRIBED UNDER
27 SUBSECTIONS (B) AND (C). ELECTRIC DISTRIBUTION COMPANIES AND
28 ELECTRIC GENERATION SUPPLIERS SHALL SATISFY BOTH REQUIREMENTS
29 SET FORTH IN SUBSECTIONS (B) AND (C). ANY COST FOR THE PURCHASE
30 OF RESOURCES OR CREDITS TO COMPLY WITH THIS SECTION SHALL BE

1 CONSIDERED COST OF GENERATION SUPPLY BY THE COMMISSION,
2 INCLUDING THE COST OF GENERATION SUPPLY TO MEET THE OBLIGATION
3 UNDER 66 PA.C.S § 2807 (RELATING TO DUTIES OF ELECTRIC
4 DISTRIBUTION COMPANIES), BY THE COMMISSION.

5 (B) TIER I AND SOLAR PHOTOVOLTAIC SHARES.--

6 (1) TWO YEARS AFTER THE EFFECTIVE DATE OF THIS ACT, AT
7 LEAST 1.5% OF THE ELECTRIC ENERGY SOLD BY AN ELECTRIC
8 DISTRIBUTION COMPANY OR ELECTRIC GENERATION SUPPLIER TO
9 RETAIL ELECTRIC CUSTOMERS IN THIS COMMONWEALTH SHALL BE
10 GENERATED FROM TIER I ALTERNATIVE ENERGY SOURCES. EXCEPT AS
11 PROVIDED IN THIS SECTION, THE MINIMUM PERCENTAGE OF ELECTRIC
12 ENERGY REQUIRED TO BE SOLD TO RETAIL ELECTRIC CUSTOMERS FROM
13 ALTERNATIVE ENERGY SOURCES SHALL INCREASE TO 2% THREE YEARS
14 AFTER THE EFFECTIVE DATE OF THIS ACT. THE MINIMUM PERCENTAGE
15 OF ELECTRIC ENERGY REQUIRED TO BE SOLD TO RETAIL ELECTRIC
16 CUSTOMERS FROM ALTERNATIVE ENERGY SOURCES SHALL INCREASE BY
17 AT LEAST 0.5% EACH YEAR SO THAT AT LEAST 10% OF THE ELECTRIC
18 ENERGY SOLD BY AN ELECTRIC DISTRIBUTION COMPANY OR ELECTRIC
19 GENERATION SUPPLIER TO RETAIL ELECTRIC CUSTOMERS IN THAT
20 CERTIFICATED TERRITORY IN THE 15TH YEAR AFTER THE EFFECTIVE
21 DATE OF THIS SUBSECTION IS SOLD FROM TIER I ALTERNATIVE
22 ENERGY RESOURCES.

23 (2) OF THE ELECTRIC ENERGY REQUIRED TO BE SOLD FROM TIER
24 I SOURCES, THE PERCENTAGE THAT MUST BE SOLD FROM SOLAR
25 PHOTOVOLTAIC TECHNOLOGIES IS FOR:

26 (I) YEARS 1 THROUGH 4 - 0.0013%.

27 (II) YEARS 5 THROUGH 9 - 0.0203%.

28 (III) YEARS 10 THROUGH 14 - 0.2500%.

29 (IV) YEARS 15 AND THEREAFTER - 0.5000%.

30 (3) UPON COMMENCEMENT OF THE BEGINNING OF THE 6TH

1 REPORTING YEAR, THE COMMISSION SHALL UNDERTAKE A REVIEW OF
2 THE COMPLIANCE BY ELECTRIC DISTRIBUTION COMPANIES AND
3 ELECTRIC GENERATION SUPPLIERS WITH THE REQUIREMENTS OF THIS
4 ACT. THE REVIEW SHALL ALSO INCLUDE THE STATUS OF ALTERNATIVE
5 ENERGY TECHNOLOGIES WITHIN THIS COMMONWEALTH AND THE CAPACITY
6 TO ADD ADDITIONAL ALTERNATIVE ENERGY RESOURCES. THE
7 COMMISSION SHALL USE THE RESULTS OF THIS REVIEW TO RECOMMEND
8 TO THE GENERAL ASSEMBLY ADDITIONAL COMPLIANCE GOALS BEYOND
9 YEAR 15. THE COMMISSION SHALL WORK WITH THE DEPARTMENT IN
10 EVALUATING THE FUTURE ALTERNATIVE ENERGY RESOURCE POTENTIAL.

11 (C) TIER II SHARE.--OF THE ELECTRICAL ENERGY REQUIRED TO BE
12 SOLD FROM ALTERNATIVE ENERGY SOURCES IDENTIFIED IN TIER II, THE
13 PERCENTAGE THAT MUST BE FROM THESE TECHNOLOGIES IS FOR:

- 14 (1) YEARS 1 THROUGH 4 - 2.2%.
- 15 (2) YEARS 5 THROUGH 9 - 3.2%.
- 16 (3) YEARS 10 THROUGH 14 - 4.2%.
- 17 (4) YEARS 15 AND THEREAFTER - 5.0%.

18 (D) EXEMPTION DURING COST-RECOVERY PERIOD.--COMPLIANCE WITH
19 SUBSECTIONS (A), (B) AND (C) SHALL NOT BE REQUIRED FOR ANY
20 ELECTRIC DISTRIBUTION COMPANY THAT HAS NOT REACHED THE END OF
21 ITS COST-RECOVERY PERIOD OR FOR ELECTRIC GENERATION SUPPLIER
22 SALES IN THE SERVICE TERRITORY OF AN ELECTRIC DISTRIBUTION
23 COMPANY THAT HAS NOT REACHED THE END OF ITS COST-RECOVERY
24 PERIOD. AT THE CONCLUSION OF AN ELECTRIC DISTRIBUTION COMPANY'S
25 COST-RECOVERY PERIOD, THIS EXCEPTION SHALL NO LONGER APPLY, AND
26 COMPLIANCE SHALL BE REQUIRED AT THE PERCENTAGES IN EFFECT AT
27 THAT TIME. ELECTRIC DISTRIBUTION COMPANIES AND ELECTRIC
28 GENERATION SUPPLIERS WHOSE SALES ARE EXEMPTED UNDER THIS
29 SUBSECTION AND WHO VOLUNTARILY SELL ELECTRICITY GENERATED FROM
30 TIER I AND TIER II SOURCES DURING THE COST-RECOVERY PERIOD MAY

1 BANK CREDITS CONSISTENT WITH SUBSECTION (E)(7).

2 (E) ALTERNATIVE ENERGY CREDITS.--

3 (1) THE COMMISSION SHALL ESTABLISH AN ALTERNATIVE ENERGY
4 CREDITS PROGRAM AS NEEDED TO IMPLEMENT THIS ACT. THE
5 PROVISION OF SERVICES PURSUANT TO THIS SECTION SHALL BE
6 EXEMPT FROM THE COMPETITIVE PROCUREMENT PROCEDURES OF 62
7 PA.C.S. (RELATING TO PROCUREMENT).

8 (2) THE COMMISSION SHALL APPROVE AN INDEPENDENT ENTITY
9 TO SERVE AS THE ALTERNATIVE ENERGY CREDITS PROGRAM
10 ADMINISTRATOR. THE ADMINISTRATOR SHALL HAVE THOSE POWERS AND
11 DUTIES ASSIGNED BY COMMISSION REGULATIONS. SUCH POWERS AND
12 DUTIES SHALL INCLUDE, BUT NOT BE LIMITED TO, THE FOLLOWING:

13 (I) TO CREATE AND ADMINISTER AN ALTERNATIVE ENERGY
14 CREDITS CERTIFICATION, TRACKING AND REPORTING PROGRAM.
15 THIS PROGRAM SHOULD INCLUDE, AT A MINIMUM, A PROCESS FOR
16 QUALIFYING ALTERNATIVE ENERGY SYSTEMS AND DETERMINING THE
17 MANNER CREDITS CAN BE CREATED, ACCOUNTED FOR, TRANSFERRED
18 AND RETIRED.

19 (II) TO SUBMIT REPORTS TO THE COMMISSION AT SUCH
20 TIMES AND IN SUCH MANNER AS THE COMMISSION SHALL DIRECT.

21 (3) ALL QUALIFYING ALTERNATIVE ENERGY SYSTEMS MUST
22 INCLUDE A QUALIFYING METER TO RECORD THE CUMULATIVE ELECTRIC
23 PRODUCTION TO VERIFY THE ADVANCED ENERGY CREDIT VALUE.
24 QUALIFYING METERS WILL BE APPROVED BY THE COMMISSION AS
25 DEFINED IN PARAGRAPH (4).

26 (4) (I) AN ELECTRIC DISTRIBUTION COMPANY OR ELECTRIC
27 GENERATION SUPPLIER SHALL COMPLY WITH THE APPLICABLE
28 REQUIREMENTS OF THIS SECTION BY PURCHASING SUFFICIENT
29 ALTERNATIVE ENERGY CREDITS AND SUBMITTING DOCUMENTATION
30 OF COMPLIANCE TO THE PROGRAM ADMINISTRATOR.

1 (II) FOR PURPOSES OF THIS SUBSECTION, ONE
2 ALTERNATIVE ENERGY CREDIT SHALL REPRESENT ONE MEGAWATT
3 HOUR OF QUALIFIED ALTERNATIVE ELECTRIC GENERATION,
4 WHETHER SELF-GENERATED, PURCHASED ALONG WITH THE ELECTRIC
5 COMMODITY OR SEPARATELY THROUGH A TRADABLE INSTRUMENT AND
6 OTHERWISE MEETING THE REQUIREMENTS OF COMMISSION
7 REGULATIONS AND THE PROGRAM ADMINISTRATOR.

8 (5) THE ALTERNATIVE ENERGY CREDITS PROGRAM SHALL INCLUDE
9 PROVISIONS REQUIRING A REPORTING PERIOD AS DEFINED IN SECTION
10 2 FOR ALL COVERED ENTITIES UNDER THIS ACT. THE ALTERNATIVE
11 ENERGY CREDITS PROGRAM SHALL ALSO INCLUDE A TRUE-UP PERIOD AS
12 DEFINED IN SECTION 2. THE TRUE-UP PERIOD SHALL PROVIDE
13 ENTITIES COVERED UNDER THIS ACT THE ABILITY TO OBTAIN THE
14 REQUIRED NUMBER OF ALTERNATIVE ENERGY CREDITS OR TO MAKE UP
15 ANY SHORTFALL OF THE ALTERNATIVE ENERGY CREDITS THEY MAY BE
16 REQUIRED TO OBTAIN TO COMPLY WITH THIS ACT. A FORCE MAJEURE
17 PROVISION SHALL ALSO BE PROVIDED FOR UNDER THE TRUE-UP PERIOD
18 PROVISIONS.

19 (6) AN ELECTRIC DISTRIBUTION COMPANY AND ELECTRIC
20 GENERATION SUPPLIER MAY BANK OR PLACE IN RESERVE ALTERNATIVE
21 ENERGY CREDITS PRODUCED IN ONE REPORTING YEAR FOR COMPLIANCE
22 IN EITHER OR BOTH OF THE TWO SUBSEQUENT REPORTING YEARS,
23 SUBJECT TO THE LIMITATIONS SET FORTH IN THIS SUBSECTION AND
24 PROVIDED THAT THE ELECTRIC DISTRIBUTION COMPANY AND ELECTRIC
25 GENERATION SUPPLIER ARE IN COMPLIANCE FOR ALL PREVIOUS
26 REPORTING YEARS. IN ADDITION, THE ELECTRIC DISTRIBUTION
27 COMPANY AND ELECTRIC GENERATION SUPPLIER SHALL DEMONSTRATE TO
28 THE SATISFACTION OF THE COMMISSION THAT SUCH CREDITS:

29 (I) WERE IN EXCESS OF THE ALTERNATIVE ENERGY CREDITS
30 NEEDED FOR COMPLIANCE IN THE YEAR IN WHICH THEY WERE

1 GENERATED AND THAT SUCH EXCESS CREDITS HAVE NOT
2 PREVIOUSLY BEEN USED FOR COMPLIANCE UNDER THIS ACT;

3 (II) DO NOT EXCEED 30% OF THE CREDITS NEEDED BY THE
4 ELECTRIC DISTRIBUTION COMPANY AND ELECTRIC GENERATION
5 SUPPLIER FOR COMPLIANCE IN THE YEAR THEY WERE GENERATED;

6 (III) WERE PRODUCED BY THE GENERATION OF ELECTRICAL
7 ENERGY BY ALTERNATIVE ENERGY SOURCES AND SOLD TO RETAIL
8 CUSTOMERS DURING THE YEAR IN WHICH THEY WERE GENERATED;

9 AND

10 (IV) HAVE NOT OTHERWISE BEEN NOR WILL BE SOLD,
11 RETIRED, CLAIMED OR REPRESENTED AS PART OF SATISFYING
12 COMPLIANCE WITH ALTERNATIVE OR RENEWABLE ENERGY PORTFOLIO
13 STANDARDS IN OTHER STATES.

14 (7) AN ELECTRIC DISTRIBUTION COMPANY OR AN ELECTRIC
15 GENERATION SUPPLIER WITH SALES THAT ARE EXEMPTED UNDER
16 SUBSECTION (D) MAY BANK CREDITS FOR RETAIL SALES OF
17 ELECTRICITY GENERATED FROM TIER I AND TIER II SOURCES MADE
18 PRIOR TO THE END OF THE COST-RECOVERY PERIOD AND AFTER THE
19 EFFECTIVE DATE OF THIS ACT. BANKABLE CREDITS SHALL BE LIMITED
20 TO CREDITS ASSOCIATED WITH ELECTRICITY SOLD FROM TIER I AND
21 TIER II SOURCES DURING A REPORTING YEAR WHICH EXCEEDS THE
22 VOLUME OF SALES FROM SUCH SOURCES BY AN ELECTRIC DISTRIBUTION
23 COMPANY OR ELECTRIC GENERATION SUPPLIER DURING THE 12-MONTH
24 PERIOD IMMEDIATELY PRECEDING THE EFFECTIVE DATE OF THIS ACT.
25 ALL CREDITS BANKED UNDER THIS SUBSECTION SHALL BE AVAILABLE
26 FOR COMPLIANCE WITH SUBSECTIONS (B) AND (C) FOR NO MORE THAN
27 TWO REPORTING YEARS FOLLOWING THE CONCLUSION OF THE COST-
28 RECOVERY PERIOD.

29 (8) THE COMMISSION OR ITS DESIGNEE SHALL DEVELOP A
30 REGISTRY OF PERTINENT INFORMATION REGARDING ALL AVAILABLE

1 ALTERNATIVE ENERGY CREDITS, CREDIT TRANSACTIONS AMONG
2 ELECTRIC DISTRIBUTION COMPANIES AND ELECTRIC GENERATION
3 SUPPLIERS, THE NUMBER OF ALTERNATIVE ENERGY CREDITS SOLD OR
4 TRANSFERRED AND THE PRICE PAID FOR THE SALE OR TRANSFER OF
5 THE CREDITS. THE REGISTRY SHALL PROVIDE CURRENT INFORMATION
6 TO ELECTRIC DISTRIBUTION COMPANIES, ELECTRIC GENERATION
7 SUPPLIERS AND THE GENERAL PUBLIC ON THE STATUS OF ALTERNATIVE
8 ENERGY CREDITS CREATED, SOLD OR TRANSFERRED WITHIN THIS
9 COMMONWEALTH.

10 (9) THE COMMISSION MAY IMPOSE AN ADMINISTRATIVE FEE ON
11 AN ALTERNATIVE ENERGY CREDIT TRANSACTION. THE AMOUNT OF THIS
12 FEE MAY NOT EXCEED THE ACTUAL DIRECT COST OF PROCESSING THE
13 TRANSACTION BY THE ALTERNATIVE ENERGY CREDITS ADMINISTRATOR.
14 THE COMMISSION IS AUTHORIZED TO UTILIZE UP TO 5% OF THE
15 ALTERNATIVE COMPLIANCE FEES GENERATED UNDER SUBSECTION (F)
16 FOR ADMINISTRATIVE EXPENSES DIRECTLY ASSOCIATED WITH THIS
17 ACT.

18 (10) THE COMMISSION SHALL ESTABLISH REGULATIONS
19 GOVERNING THE VERIFICATION AND TRACKING OF ENERGY EFFICIENCY
20 AND DEMAND-SIDE MANAGEMENT MEASURES PURSUANT TO THIS ACT,
21 WHICH SHALL INCLUDE BENEFITS TO ALL UTILITY CUSTOMER CLASSES.
22 WHEN DEVELOPING REGULATIONS, THE COMMISSION MUST GIVE
23 REASONABLE CONSIDERATION TO EXISTING AND PROPOSED REGULATIONS
24 AND RULES IN EXISTENCE IN THE REGIONAL TRANSMISSION
25 ORGANIZATIONS THAT MANAGE THE TRANSMISSION SYSTEM IN ANY PART
26 OF THIS COMMONWEALTH. ALL VERIFIED REDUCTIONS SHALL ACCRUE
27 CREDITS STARTING WITH THE PASSAGE OF THIS ACT.

28 (11) THE COMMISSION SHALL WITHIN 120 DAYS OF THE
29 EFFECTIVE DATE OF THIS ACT DEVELOP A DEPRECIATION SCHEDULE
30 FOR ALTERNATIVE ENERGY CREDITS CREATED THROUGH DEMAND SIDE

1 MANAGEMENT, ENERGY EFFICIENCY AND LOAD MANAGEMENT
2 TECHNOLOGIES AND SHALL DEVELOP STANDARDS FOR TRACKING AND
3 VERIFYING SAVINGS FROM ENERGY EFFICIENCY, LOAD MANAGEMENT AND
4 DEMAND-SIDE MANAGEMENT MEASURES. THE COMMISSION SHALL ALLOW
5 FOR A 60-DAY PUBLIC COMMENT PERIOD AND SHALL ISSUE FINAL
6 STANDARDS WITHIN 30 DAYS OF THE CLOSE OF THE PUBLIC COMMENT
7 PERIOD.

8 (F) ALTERNATIVE COMPLIANCE PAYMENT.--

9 (1) AT THE END OF EACH PROGRAM YEAR, THE PROGRAM
10 ADMINISTRATOR SHALL PROVIDE A REPORT TO THE COMMISSION AND TO
11 EACH COVERED ELECTRIC DISTRIBUTION COMPANY SHOWING THEIR
12 STATUS LEVEL OF ALTERNATIVE ENERGY ACQUISITION.

13 (2) THE COMMISSION SHALL CONDUCT A REVIEW OF EACH
14 DETERMINATION MADE UNDER SUBSECTIONS (B) AND (C). IF, AFTER
15 NOTICE AND HEARING, THE COMMISSION DETERMINES THAT AN
16 ELECTRIC DISTRIBUTION COMPANY OR ELECTRIC GENERATION SUPPLIER
17 HAS FAILED TO COMPLY WITH SUBSECTIONS (B) AND (C), THE
18 COMMISSION SHALL IMPOSE AN ALTERNATIVE COMPLIANCE PAYMENT ON
19 THAT COMPANY OR SUPPLIER.

20 (3) THE ALTERNATIVE COMPLIANCE PAYMENT, WITH THE
21 EXCEPTION OF THE SOLAR PHOTOVOLTAIC SHARE COMPLIANCE
22 REQUIREMENT SET FORTH IN SUBSECTION (B)(2), SHALL BE \$45
23 TIMES THE NUMBER OF ADDITIONAL ALTERNATIVE ENERGY CREDITS
24 NEEDED IN ORDER TO COMPLY WITH SUBSECTION (B) OR (C).

25 (4) THE ALTERNATIVE COMPLIANCE PAYMENT FOR THE SOLAR
26 PHOTOVOLTAIC SHARE SHALL BE 200% OF THE AVERAGE MARKET SHARE
27 OF THE SOLAR PHOTOVOLTAIC CREDITS SOLD DURING THE REPORTING
28 PERIOD.

29 (5) THE COMMISSION SHALL ESTABLISH A PROCESS TO PROVIDE
30 FOR, AT LEAST ANNUALLY, A REVIEW OF THE ALTERNATIVE ENERGY

1 MARKET WITHIN THIS COMMONWEALTH AND THE SERVICE TERRITORIES
2 OF THE REGIONAL TRANSMISSION ORGANIZATIONS THAT MANAGE THE
3 TRANSMISSION SYSTEM IN ANY PART OF THIS COMMONWEALTH. THE
4 COMMISSION WILL USE THE RESULTS OF THIS STUDY TO IDENTIFY ANY
5 NEEDED CHANGES TO THE COST ASSOCIATED WITH THE ALTERNATIVE
6 COMPLIANCE PAYMENT PROGRAM. THE COMMISSION MAY RAISE THE COST
7 OF THE ALTERNATIVE COMPLIANCE PAYMENTS TO MAINTAIN THE
8 INTEGRITY OF THE PAYMENTS PROGRAM AND TO ENSURE THAT IT IS
9 NOT USED TO MEET COMPLIANCE WITH THIS ACT IN LIEU OF
10 ACQUIRING ENERGY FROM ACTUAL ALTERNATIVE ENERGY SOURCES AS
11 DEFINED IN THIS ACT. IF THE COMMISSION FINDS THAT THE COSTS
12 ASSOCIATED WITH ALTERNATIVE COMPLIANCE PAYMENT PROGRAM MUST
13 BE LOWERED, THE COMMISSION SHALL PRESENT THESE FINDINGS TO
14 THE GENERAL ASSEMBLY FOR LEGISLATIVE ENACTMENT.

15 (G) TRANSFER TO SUSTAINABLE DEVELOPMENT FUNDS.--

16 (1) NOTWITHSTANDING THE PROVISIONS OF 66 PA.C.S. §§ 511
17 (RELATING TO DISPOSITION, APPROPRIATION AND DISBURSEMENT OF
18 ASSESSMENTS AND FEES) AND 3315 (RELATING TO DISPOSITION OF
19 FINES AND PENALTIES), ALTERNATIVE COMPLIANCE PAYMENTS IMPOSED
20 PURSUANT TO THIS ACT SHALL BE PAID INTO THE SUSTAINABLE
21 DEVELOPMENT FUNDS, CREATED UNDER THE COMMISSIONS
22 RESTRUCTURING ORDERS UNDER 66 PA.C.S. CH. 28 (RELATING TO
23 RESTRUCTURING OF ELECTRIC UTILITY INDUSTRY). ALTERNATIVE
24 COMPLIANCE PAYMENTS WILL BE PAID INTO THE APPROPRIATE FUND
25 BASED UPON WHICH ELECTRIC DISTRIBUTION COMPANY OR ELECTRIC
26 GENERATION SUPPLIER INCURRED THE ALTERNATIVE COMPLIANCE
27 PAYMENT.

28 (2) THE ALTERNATIVE COMPLIANCE PAYMENTS SHALL BE
29 UTILIZED SOLELY FOR PROJECTS THAT WILL INCREASE THE AMOUNT OF
30 ELECTRIC ENERGY GENERATED FROM ALTERNATIVE ENERGY RESOURCES

1 FOR PURPOSES OF COMPLIANCE WITH SUBSECTIONS (B) AND (C).
2 SECTION 4. PORTFOLIO REQUIREMENTS IN OTHER STATES.

3 IF AN ELECTRIC DISTRIBUTION SUPPLIER OR ELECTRIC GENERATION
4 COMPANY PROVIDER SELLS ELECTRICITY IN ANY OTHER STATE AND IS
5 SUBJECT TO RENEWABLE ENERGY PORTFOLIO REQUIREMENTS IN THAT
6 STATE, THEY SHALL LIST ANY SUCH REQUIREMENT AND SHALL INDICATE
7 HOW IT SATISFIED THOSE RENEWABLE ENERGY PORTFOLIO REQUIREMENTS.
8 TO PREVENT DOUBLE-COUNTING, THE ELECTRIC DISTRIBUTION SUPPLIER
9 OR ELECTRIC GENERATION COMPANY SHALL NOT SATISFY PENNSYLVANIA'S
10 ALTERNATIVE ENERGY PORTFOLIO REQUIREMENTS USING ALTERNATIVE
11 ENERGY USED TO SATISFY ANOTHER STATE'S PORTFOLIO REQUIREMENTS.
12 ENERGY DERIVED ONLY FROM ALTERNATIVE ENERGY SOURCES INSIDE THE
13 GEOGRAPHICAL BOUNDARIES OF THIS COMMONWEALTH OR WITHIN THE
14 SERVICE TERRITORY OF ANY REGIONAL TRANSMISSION ORGANIZATION THAT
15 MANAGES THE TRANSMISSION SYSTEM IN ANY PART OF THIS COMMONWEALTH
16 SHALL BE ELIGIBLE TO MEET THE COMPLIANCE REQUIREMENTS UNDER THIS
17 ACT. ELECTRIC DISTRIBUTION COMPANIES AND ELECTRIC GENERATION
18 SUPPLIERS SHALL DOCUMENT THAT THIS ENERGY WAS NOT USED TO
19 SATISFY ANOTHER STATE'S RENEWABLE ENERGY PORTFOLIO STANDARDS.

20 SECTION 5. INTERCONNECTION STANDARDS FOR CUSTOMER-GENERATOR
21 FACILITIES.

22 THE COMMISSION SHALL DEVELOP TECHNICAL AND NET METERING
23 INTERCONNECTION RULES FOR CUSTOMER-GENERATORS INTENDING TO
24 OPERATE RENEWABLE ONSITE GENERATORS IN PARALLEL WITH THE
25 ELECTRIC UTILITY GRID, CONSISTENT WITH RULES DEFINED IN OTHER
26 STATES WITHIN THE SERVICE REGION OF THE REGIONAL TRANSMISSION
27 ORGANIZATION THAT MANAGES THE TRANSMISSION SYSTEM IN ANY PART OF
28 THIS COMMONWEALTH. THE COMMISSION SHALL CONVENE A STAKEHOLDER
29 PROCESS TO DEVELOP STATEWIDE TECHNICAL AND NET METERING RULES
30 FOR CUSTOMER-GENERATORS. THE COMMISSION SHALL DEVELOP THESE

1 RULES WITHIN NINE MONTHS OF THE EFFECTIVE DATE OF THIS ACT.

2 SECTION 6. HEALTH AND SAFETY STANDARDS.

3 THE DEPARTMENT SHALL COOPERATE WITH THE DEPARTMENT OF LABOR
4 AND INDUSTRY AS NECESSARY IN DEVELOPING HEALTH AND SAFETY
5 STANDARDS, AS NEEDED, REGARDING FACILITIES GENERATING ENERGY
6 FROM ALTERNATIVE ENERGY SOURCES. THE DEPARTMENT SHALL ESTABLISH
7 APPROPRIATE AND REASONABLE HEALTH AND SAFETY STANDARDS TO ENSURE
8 UNIFORM AND PROPER COMPLIANCE WITH THIS ACT BY OWNERS AND
9 OPERATORS OF FACILITIES GENERATING ENERGY FROM ALTERNATIVE
10 ENERGY SOURCES AS DEFINED IN THIS ACT.

11 SECTION 7. INTERAGENCY RESPONSIBILITIES.

12 (A) COMMISSION RESPONSIBILITIES.--THE COMMISSION WILL CARRY
13 OUT THE RESPONSIBILITIES DELINEATED WITHIN THIS ACT. THE
14 COMMISSION ALSO SHALL, IN COOPERATION WITH THE DEPARTMENT,
15 CONDUCT AN ONGOING ALTERNATIVE ENERGY RESOURCES PLANNING
16 ASSESSMENT FOR THIS COMMONWEALTH. THIS ASSESSMENT WILL, AT A
17 MINIMUM, IDENTIFY CURRENT AND OPERATING ALTERNATIVE ENERGY
18 FACILITIES, THE POTENTIAL TO ADD FUTURE ALTERNATIVE ENERGY
19 GENERATING CAPACITY, AND THE CONDITIONS OF THE ALTERNATIVE
20 ENERGY MARKETPLACE. THE ASSESSMENT WILL IDENTIFY NEEDED METHODS
21 TO MAINTAIN OR INCREASE THE RELATIVE COMPETITIVENESS OF THE
22 ALTERNATIVE ENERGY MARKET WITHIN THIS COMMONWEALTH.

23 (B) DEPARTMENT RESPONSIBILITIES.--THE DEPARTMENT SHALL
24 ENSURE THAT ALL QUALIFIED ALTERNATIVE ENERGY SOURCES MEET ALL
25 APPLICABLE ENVIRONMENTAL STANDARDS AND SHALL VERIFY THAT AN
26 ALTERNATIVE ENERGY SOURCE MEETS THE STANDARDS SET FORTH IN
27 SECTION 2.

28 (C) COOPERATION BETWEEN COMMISSION AND DEPARTMENT.--THE
29 COMMISSION AND THE DEPARTMENT SHALL WORK COOPERATIVELY TO
30 MONITOR THE PERFORMANCE OF ALL ASPECTS OF THIS ACT AND WILL

1 PROVIDE AN ANNUAL REPORT TO THE CHAIRMAN AND MINORITY CHAIRMAN
2 OF THE ENVIRONMENTAL RESOURCES AND ENERGY COMMITTEE OF THE
3 SENATE AND THE CHAIRMAN AND MINORITY CHAIRMAN OF THE
4 ENVIRONMENTAL RESOURCES AND ENERGY COMMITTEE OF THE HOUSE OF
5 REPRESENTATIVES. THE REPORT SHALL INCLUDE AT A MINIMUM:

6 (1) THE STATUS OF THE COMPLIANCE WITH THE PROVISIONS OF
7 THIS ACT BY ELECTRIC DISTRIBUTION COMPANIES AND ELECTRIC
8 GENERATIONS SUPPLIERS.

9 (2) CURRENT COSTS OF ALTERNATIVE ENERGY ON A PER
10 KILOWATT HOUR BASIS FOR ALL ALTERNATIVE ENERGY TECHNOLOGY
11 TYPES.

12 (3) COSTS ASSOCIATED WITH THE ALTERNATIVE ENERGY CREDITS
13 PROGRAM UNDER THIS ACT, INCLUDING THE NUMBER OF ALTERNATIVE
14 COMPLIANCE PAYMENTS.

15 (4) THE STATUS OF THE ALTERNATIVE ENERGY MARKETPLACE
16 WITHIN THIS COMMONWEALTH.

17 (5) RECOMMENDATIONS FOR PROGRAM IMPROVEMENTS.

18 SECTION 8. RURAL ELECTRIC COOPERATIVES.

19 EACH RURAL ELECTRIC COOPERATIVE OPERATING WITHIN THIS
20 COMMONWEALTH SHALL OFFER TO ITS RETAIL CUSTOMERS A VOLUNTARY
21 PROGRAM OF ENERGY EFFICIENCY AND DEMAND-SIDE MANAGEMENT
22 PROGRAMS, AS A MEANS TO SATISFY COMPLIANCE WITH THE REQUIREMENTS
23 OF THIS ACT.

24 SECTION 9. EFFECTIVE DATE.

25 THIS ACT SHALL TAKE EFFECT IN 90 DAYS.