

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1030 Session of 2004

INTRODUCED BY ERICKSON, CONTI, WAUGH, ORIE, KUKOVICH, SCHWARTZ, PICCOLA, MUSTO, EARLL, PIPPY, BOSCOLA, RAFFERTY, M. WHITE AND STACK, MARCH 15, 2004

SENATOR M. WHITE, ENVIRONMENTAL RESOURCES AND ENERGY, AS AMENDED, NOVEMBER 9, 2004

AN ACT

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

8 The General Assembly of the Commonwealth of Pennsylvania
9 hereby enacts as follows:

10 Section 1. Short title. <—

11 This act shall be known and may be cited as the Renewable and
12 Environmentally Beneficial Portfolio Standards Act.

13 Section 2. Definitions.

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

17 "Commission." The Pennsylvania Public Utility Commission of
18 the Commonwealth.

19 "Electric distribution company." An incorporated entity that

1 ~~receives electric power from an electric generator and~~
2 ~~distributes that power to consumers.~~

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

5 ~~"Environmentally beneficial resources."—Any of the~~
6 ~~following:~~

7 ~~(1)—Electricity generated from waste coal facilities~~
8 ~~which became operational after December 31, 1999.~~

9 ~~(2)—Electricity generated using energy conservation~~
10 ~~measures, as defined by the Pennsylvania Public Utility~~
11 ~~Commission, including, but not limited to, state of the art~~
12 ~~efficiency improvements and carbon offsets.~~

13 ~~(3)—Other environmentally beneficial energy resources as~~
14 ~~determined by the Pennsylvania Public Utility Commission by~~
15 ~~regulation.~~

16 ~~"Renewable and environmentally beneficial energy credit."—A~~
17 ~~tradable instrument that is used to track and verify compliance~~
18 ~~with the provisions of this act.~~

19 ~~"Renewable and environmentally beneficial portfolio~~
20 ~~standards."—Standards establishing that a certain amount of~~
21 ~~renewable energy is included as part of the sources of electric~~
22 ~~generation by electric utilities within this Commonwealth.~~

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

24 ~~(1)—Solar photovoltaic energy.~~

25 ~~(2)—Solar thermal energy.~~

26 ~~(3)—Wind power.~~

27 ~~(4)—Low impact hydropower.~~

28 ~~(5)—Geothermal energy.~~

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

30 ~~(7)—Energy from waste and sustainable biomass energy,~~

1 including, but not limited to, agricultural waste and crops
2 grown for fuel.

3 (8) Other renewable energy resources as determined by
4 the Pennsylvania Public Utility Commission by regulation.

5 The term does not include municipal solid, industrial, residual
6 or any hazardous waste burned for the generation of electric
7 energy.

8 Section 3. Renewable and environmentally beneficial portfolio
9 standard.

10 (a) General rule. In the fifteenth year after the effective
11 date of this section and each year thereafter, at least 10% of
12 the electric energy sold by an electric distribution company or
13 electric generation supplier to retail customers in this
14 Commonwealth shall be generated from renewable and
15 environmentally beneficial resources. Such electric energy
16 generated from renewable and environmentally beneficial
17 resources shall be generated at facilities within the geographic
18 limits of an independent system operator that operates a
19 transmission system and interstate power pool delivering
20 electric energy to retail customers in this Commonwealth.

21 (b) Phase in.

22 (1) Three years after the effective date of this
23 section, at least 2% of the electric energy sold by an
24 electric distribution company or electric generation supplier
25 to retail customers in this Commonwealth shall be generated
26 from renewable and environmentally beneficial resources.

27 (2) Six years after the effective date of this section,
28 at least 4% of the electric energy sold by an electric
29 distribution company or electric generation supplier to
30 retail customers in this Commonwealth shall be generated from

1 ~~renewable and environmentally beneficial resources.~~

2 ~~(3) Nine years after the effective date of this section,~~
3 ~~at least 6% of the electric energy sold by an electric~~
4 ~~distribution company or electric generation supplier to~~
5 ~~retail customers in this Commonwealth shall be generated from~~
6 ~~renewable and environmentally beneficial resources.~~

7 ~~(4) Twelve years after the effective date of this~~
8 ~~section, at least 8% of the electric energy sold by an~~
9 ~~electric distribution company or electric generation supplier~~
10 ~~to retail customers in this Commonwealth shall be generated~~
11 ~~from renewable and environmentally beneficial resources.~~

12 ~~(5) Fifteen years after the effective date of this~~
13 ~~section, at least 10% of the electric energy sold by an~~
14 ~~electric distribution company or electric generation supplier~~
15 ~~to retail customers in this Commonwealth shall be generated~~
16 ~~from renewable and environmentally beneficial resources.~~

17 ~~(c) Minimum requirement for renewable energy. At least 70%~~
18 ~~of the renewable and beneficial energy portfolio of an electric~~
19 ~~distribution company or electric generation supplier sold to~~
20 ~~retail customers in this Commonwealth must be generated from~~
21 ~~renewable resources.~~

22 ~~(d) Credits.—~~

23 ~~(1) The commission shall establish a renewable and~~
24 ~~environmentally beneficial energy tradable credits program as~~
25 ~~needed to implement this act.~~

26 ~~(2) (i) An electric distribution company or electric~~
27 ~~generation supplier shall comply with the applicable~~
28 ~~requirements of this section by purchasing sufficient~~
29 ~~renewable and environmentally beneficial energy credits~~
30 ~~and submitting documentation of compliance to the program~~

1 administrator.

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

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

15 ~~(i) to create and administer a renewable energy~~
16 ~~tradable credits certification, tracking and reporting~~
17 ~~program;~~

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

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

23 ~~(c) Penalties.—~~

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

28 ~~(2) The commission shall conduct a review of each~~
29 ~~determination made under paragraph (1). If, after notice and~~
30 ~~hearing, the commission determines that an electric~~

1 ~~distribution company or electric generation supplier has~~
2 ~~failed to comply with subsection (a) or (b), the commission~~
3 ~~shall impose a civil penalty on that company or supplier,~~
4 ~~which penalty shall be the lesser of the following:~~

5 ~~(i) \$50 times the number of additional renewable and~~
6 ~~environmentally beneficial energy credits needed in order~~
7 ~~to comply with subsection (a) or (b); or~~

8 ~~(ii) 200% of the average market value of renewable~~
9 ~~and environmentally beneficial energy credits sold for~~
10 ~~the year times the number of additional energy credits~~
11 ~~required to comply with subsection (a) or (b) for that~~
12 ~~year.~~

13 ~~(f) Transfer to Clean Air Fund.—~~

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

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

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

28 ~~Section 4.— Effective date.~~

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

30 SECTION 1. SHORT TITLE.

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

3 SECTION 2. DEFINITIONS.

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

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

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

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

18 (1) SOLAR PHOTOVOLTAIC ENERGY.

19 (2) SOLAR THERMAL ENERGY.

20 (3) WIND POWER.

21 (4) LOW-IMPACT HYDROPOWER, WHICH SHALL MEAN TECHNOLOGIES
22 THAT PRODUCE LESS THAN 40 MEGAWATTS OF ELECTRIC POWER AND
23 THAT HARNESS THE HYDROELECTRIC POTENTIAL OF MOVING WATER
24 IMPOUNDMENTS, PROVIDED SUCH INCREMENTAL HYDROELECTRIC
25 DEVELOPMENT:

26 (I) DOES NOT ADVERSELY CHANGE EXISTING IMPACTS TO
27 AQUATIC SYSTEMS;

28 (II) MEETS THE CERTIFICATION STANDARDS ESTABLISHED
29 BY THE LOW IMPACT HYDROPOWER INSTITUTE AND AMERICAN
30 RIVERS, INC., OR THEIR SUCCESSORS;

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

3 (IV) PROTECTS AGAINST EROSION; AND

4 (V) PROTECTS CULTURAL AND HISTORIC RESOURCES.

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

9 (6) BIOMASS ENERGY, WHICH SHALL MEAN THE GENERATION OF
10 ELECTRICITY UTILIZING THE FOLLOWING:

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

19 (II) ANY SOLID NONHAZARDOUS, CELLULOSIC WASTE
20 MATERIAL THAT IS SEGREGATED FROM OTHER WASTE MATERIALS
21 AND WHICH IS DERIVED FROM EITHER WASTE PALLETS, CRATES
22 AND DRAINAGE, AND LANDSCAPE OR RIGHT-OF-WAY TREE
23 TRIMMINGS OR AGRICULTURAL SOURCES, INCLUDING ORCHARD TREE
24 CROPS, VINEYARDS, GRAIN, LEGUMES, SUGAR AND OTHER CROP
25 BY-PRODUCTS OR RESIDUES.

26 (7) BIOLOGICALLY DERIVED METHANE GAS, WHICH SHALL
27 INCLUDE METHANE FROM THE ANAEROBIC DIGESTION OF ORGANIC
28 MATERIALS FROM YARD WASTE, SUCH AS GRASS CLIPPINGS AND
29 LEAVES, FOOD WASTE, ANIMAL WASTE AND SEWAGE SLUDGE. THE TERM
30 ALSO INCLUDES LANDFILL METHANE GAS.

1 (8) FUEL CELLS, WHICH SHALL MEAN ANY ELECTROCHEMICAL
2 DEVICE THAT CONVERTS CHEMICAL ENERGY IN A HYDROGEN-RICH FUEL
3 DIRECTLY INTO ELECTRICITY, HEAT AND WATER WITHOUT COMBUSTION.

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

17 (10) COAL MINE METHANE, WHICH SHALL MEAN METHANE GAS
18 EMITTING FROM ABANDONED OR WORKING COAL MINES.

19 (11) ENERGY EFFICIENCY, WHICH SHALL MEAN THE USE OF
20 TECHNOLOGIES, MANAGEMENT PRACTICES OR OTHER STRATEGIES THAT
21 REDUCE ELECTRICITY CONSUMPTION BY RESIDENTIAL, COMMERCIAL OR
22 INDUSTRIAL CUSTOMERS. THE TERM SHALL INCLUDE SOLAR THERMAL,
23 COMBINED-CYCLE TECHNOLOGY, THE RECOVERY AND REUSE OF ENERGY
24 FROM EXHAUST GASES AND OTHER EFFICIENCY IMPROVEMENTS THAT
25 RESULT IN HIGHER LEVELS OF ELECTRICITY PRODUCTION WITHOUT THE
26 USE OF ADDITIONAL FUEL.

27 (12) LOAD MANAGEMENT, WHICH SHALL MEAN THE USE OF
28 TECHNOLOGIES, MANAGEMENT PRACTICES OR OTHER STRATEGIES TO
29 SHIFT ELECTRIC LOAD FROM PERIODS OF HIGHER DEMAND TO PERIODS
30 OF LOWER DEMAND. THE TERM SHALL INCLUDE PUMP STORAGE

1 TECHNOLOGIES.

2 (13) DEMAND SIDE MANAGEMENT, WHICH SHALL MEAN THE
3 MANAGEMENT OF CUSTOMER DEMAND THROUGH THE IMPLEMENTATION OF
4 ENERGY EFFICIENCY AND LOAD MANAGEMENT DEVICES IN THE PREMISES
5 OF RESIDENTIAL, COMMERCIAL, INDUSTRIAL, INSTITUTIONAL AND
6 GOVERNMENT CUSTOMERS AND THE INSTALLATION OF REMOTE EQUIPMENT
7 THAT DIRECTLY SUPPORTS ON-SITE CONTROL OF CUSTOMER DEMAND.

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

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

19 "COMMISSION." THE PENNSYLVANIA PUBLIC UTILITY COMMISSION.

20 "COST RECOVERY PERIOD." THE PERIOD DURING WHICH COMPETITIVE
21 TRANSITION CHARGES UNDER 66 PA.C.S § 2808 (RELATING TO
22 COMPETITIVE TRANSITION CHARGE) OR INTANGIBLE TRANSITION CHARGES
23 UNDER 66 PA.C.S. § 2812 (RELATING TO APPROVAL OF TRANSITION
24 BONDS) ARE RECOVERED OR THE PERIOD DURING WHICH AN ELECTRIC
25 DISTRIBUTION COMPANY OPERATES UNDER A PENNSYLVANIA PUBLIC
26 UTILITY COMMISSION-APPROVED GENERATION RATE PLAN THAT HAS BEEN
27 APPROVED PRIOR TO THE EFFECTIVE DATE OF THIS ACT, BUT IN NO CASE
28 SHALL THE COST RECOVERY PERIOD UNDER THIS ACT EXTEND BEYOND
29 DECEMBER 31, 2010.

30 "CUSTOMER-GENERATOR." A NONUTILITY OWNER OR OPERATOR OF A

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

18 "DEPARTMENT." THE DEPARTMENT OF ENVIRONMENTAL PROTECTION OF
19 THE COMMONWEALTH.

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

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

26 "FORCE MAJEURE." AN EXTENDED TRUE-UP PERIOD TO ALLOW
27 RESPONSE TIME FOR EXTREME DEVIATIONS IN EXPECTED RENEWABLE
28 GENERATION RESULTING FROM EVENTS THAT ARE IMPOSSIBLE TO CONTROL.

29 "MICROGRID." A LOCAL DISTRIBUTION CIRCUIT THAT HAS THE
30 ABILITY TO OPERATE SAFELY WHEN DISCONNECTED FROM THE ELECTRIC

1 DISTRIBUTION COMPANY'S FACILITIES OR FROM THE FACILITIES MANAGED
2 BY A REGIONAL TRANSMISSION ORGANIZATION.

3 "NET METERING." THE MEANS OF MEASURING THE DIFFERENCE
4 BETWEEN THE ELECTRICITY SUPPLIED BY AN ELECTRIC UTILITY AND THE
5 ELECTRICITY GENERATED BY A CUSTOMER-GENERATOR, WHEN THE
6 RENEWABLE ENERGY GENERATING SYSTEM IS INTENDED PRIMARILY TO
7 OFFSET PART OR ALL OF THE CUSTOMER-GENERATOR'S REQUIREMENTS FOR
8 ELECTRICITY.

9 "NET METERING SYSTEM." A SYSTEM THAT USES A SINGLE,
10 BIDIRECTIONAL, NONRATCHETING METER TO MEASURE THE DIFFERENCE
11 BETWEEN THE ELECTRICITY SUPPLIED TO A CUSTOMER-GENERATOR BY AN
12 ELECTRIC UTILITY AND THE ELECTRICITY GENERATED BY A CUSTOMER-
13 GENERATOR INTERCONNECTED AND OPERATED IN PARALLEL WITH AN
14 ELECTRIC UTILITY.

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

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

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

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

- 28 (1) SOLAR PHOTOVOLTAIC ENERGY.
29 (2) WIND POWER.
30 (3) LOW-IMPACT HYDROPOWER.

- 1 (4) GEOTHERMAL ENERGY.
- 2 (5) BIOLOGICALLY DERIVED METHANE GAS.
- 3 (6) COAL MINE METHANE GAS.
- 4 (7) FUEL CELLS.

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

- 6 (1) WASTE COAL.
- 7 (2) ENERGY EFFICIENCY.
- 8 (3) LOAD MANAGEMENT TECHNOLOGIES.
- 9 (4) DISTRIBUTED GENERATION SYSTEMS.
- 10 (5) DEMAND-SIDE MANAGEMENT.

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

13 SECTION 3. ALTERNATIVE ENERGY PORTFOLIO STANDARDS.

14 (A) GENERAL RULE.--FROM THE EFFECTIVE DATE OF THIS ACT
15 THROUGH AND INCLUDING THE 15TH YEAR AFTER ENACTMENT OF THIS ACT,
16 AND EACH YEAR THEREAFTER, THE ELECTRIC ENERGY SOLD BY AN
17 ELECTRIC DISTRIBUTION COMPANY OR ELECTRIC GENERATION SUPPLIER TO
18 RETAIL ELECTRIC CUSTOMERS IN THIS COMMONWEALTH SHALL BE
19 COMPRISED OF ELECTRICITY GENERATED FROM ALTERNATIVE ENERGY
20 SOURCES, AND IN THE PERCENTAGE AMOUNTS AS DESCRIBED UNDER
21 SUBSECTIONS (B) AND (C). ELECTRIC DISTRIBUTION COMPANIES AND
22 ELECTRIC GENERATION SUPPLIERS SHALL SATISFY BOTH REQUIREMENTS
23 SET FORTH IN SUBSECTIONS (B) AND (C). ANY COST FOR THE PURCHASE
24 OF RESOURCES TO COMPLY WITH THIS SECTION SHALL BE CONSIDERED
25 COST OF GENERATION SUPPLY BY THE COMMISSION, INCLUDING THE COST
26 OF GENERATION SUPPLY TO MEET THE OBLIGATION UNDER 66 PA.C.S §
27 2807 (RELATING TO DUTIES OF ELECTRIC DISTRIBUTION COMPANIES), BY
28 THE COMMISSION.

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

30 (1) ONE YEAR 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% TWO 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 12% OF THE ELECTRIC
12 ENERGY SOLD BY AN ELECTRIC DISTRIBUTION COMPANY OR ELECTRIC
13 GENERATION SUPPLIER TO RETAIL ELECTRIC CUSTOMERS IN THAT
14 CERTIFICATED TERRITORY IN THE 15TH YEAR AFTER THE EFFECTIVE
15 DATE OF THIS SUBSECTION IS SOLD FROM TIER I ALTERNATIVE
16 ENERGY RESOURCES.

17 (2) OF THE ELECTRIC ENERGY REQUIRED TO BE SOLD FROM TIER
18 I SOURCES, THE PERCENTAGE THAT MUST BE SOLD FROM SOLAR
19 PHOTOVOLTAIC TECHNOLOGIES IS:

20 (I) BY YEAR 1 - 0.0013%.

21 (II) BY YEAR 5 - 0.0203%.

22 (III) BY YEAR 10 - 0.2500%.

23 (IV) BY YEAR 15 AND THEREAFTER - 0.5000%.

24 (3) UPON COMMENCEMENT OF THE BEGINNING OF THE 10TH
25 REPORTING YEAR, THE COMMISSION SHALL UNDERTAKE A REVIEW OF
26 THE COMPLIANCE BY ELECTRIC DISTRIBUTION COMPANIES AND
27 ELECTRIC GENERATION SUPPLIERS WITH THE REQUIREMENTS OF THIS
28 ACT. THE REVIEW SHALL ALSO INCLUDE THE STATUS OF ALTERNATIVE
29 ENERGY TECHNOLOGIES WITHIN THIS COMMONWEALTH AND THE CAPACITY
30 TO ADD ADDITIONAL ALTERNATIVE ENERGY RESOURCES. THE

1 COMMISSION SHALL USE THE RESULTS OF THIS REVIEW TO SET
2 ADDITIONAL COMPLIANCE GOALS BEYOND YEAR 15. THE COMMISSION
3 SHALL WORK WITH THE DEPARTMENT IN EVALUATING THE FUTURE
4 ALTERNATIVE ENERGY RESOURCE POTENTIAL.

5 (C) TIER II SHARE.--OF THE ELECTRICAL ENERGY REQUIRED TO BE
6 GENERATED FROM ALTERNATIVE ENERGY SOURCES IDENTIFIED IN TIER II,
7 THE PERCENTAGE THAT MUST BE FROM THESE TECHNOLOGIES IS:

8 (1) YEAR 1 - 2.27%.

9 (2) YEAR 2 - 2.27%.

10 (3) YEAR 3 - 2.27%.

11 (4) YEAR 4 - 2.40%.

12 (5) YEAR 5 - 2.40%.

13 (6) YEAR 6 - 2.50%.

14 (7) YEAR 7 - 2.50%.

15 (8) YEAR 8 - 2.81%.

16 (9) YEAR 9 - 2.81%.

17 (10) YEAR 10 - 2.99%.

18 (11) YEAR 11 AND THEREAFTER - 3.20%.

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

1 TIER I AND TIER II SOURCES DURING THE COST-RECOVERY PERIOD MAY
2 BANK CREDITS CONSISTENT WITH SUBSECTION (E)(7).

3 (E) ALTERNATIVE ENERGY CREDITS.--

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

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

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

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

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

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

1 OF COMPLIANCE TO THE PROGRAM ADMINISTRATOR.

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

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

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

30 (I) WERE IN EXCESS OF THE ALTERNATIVE ENERGY CREDITS

1 NEEDED FOR COMPLIANCE IN THE YEAR IN WHICH THEY WERE
2 GENERATED AND THAT SUCH EXCESS CREDITS HAVE NOT
3 PREVIOUSLY BEEN USED FOR COMPLIANCE UNDER THIS ACT;

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

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

10 AND

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

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

30 (8) THE COMMISSION OR ITS DESIGNEE SHALL DEVELOP A

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

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

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

29 (11) EACH ALTERNATIVE ENERGY CREDIT CREATED THROUGH A
30 DEMAND-SIDE MANAGEMENT, ENERGY EFFICIENCY OR LOAD MANAGEMENT

1 PROGRAM SHALL FOLLOW A DEPRECIATION SCHEDULE FOR A FIVE-YEAR
2 PERIOD. THE SCHEDULE SHALL PROVIDE THAT: EACH MEGAWATT (MW)
3 OF VERIFIED ELECTRICAL SAVINGS WOULD RECEIVE 100% CREDIT IN
4 THE FIRST YEAR AFTER SAVINGS HAVE BEEN VERIFIED BY THE
5 COMMISSION, .80 OR 80% IN THE SECOND YEAR, .60 OR 60% IN THE
6 THIRD YEAR, .40 OR 40% IN THE FOURTH YEAR, .20 OR 20% IN THE
7 FIFTH YEAR AND 0% IN THE SIXTH YEAR.

8 (12) THE COMMISSION SHALL WITHIN 90 DAYS OF THE
9 EFFECTIVE DATE OF THIS ACT DEVELOP THE STANDARDS FOR TRACKING
10 AND VERIFYING SAVINGS FROM ENERGY EFFICIENCY, LOAD MANAGEMENT
11 AND DEMAND-SIDE MANAGEMENT MEASURES. THE COMMISSION SHALL
12 ALLOW FOR A 60-DAY PUBLIC COMMENT PERIOD AND SHALL ISSUE
13 FINAL STANDARDS WITHIN 30 DAYS OF THE CLOSE OF THE PUBLIC
14 COMMENT PERIOD.

15 (F) ALTERNATIVE COMPLIANCE PAYMENT.--

16 (1) AT THE END OF EACH PROGRAM YEAR, THE PROGRAM
17 ADMINISTRATOR SHALL PROVIDE A REPORT TO THE COMMISSION AND TO
18 EACH COVERED ELECTRIC DISTRIBUTION COMPANY SHOWING THEIR
19 STATUS LEVEL OF ALTERNATIVE ENERGY ACQUISITION.

20 (2) THE COMMISSION SHALL CONDUCT A REVIEW OF EACH
21 DETERMINATION MADE UNDER SUBSECTIONS (B) AND (C). IF, AFTER
22 NOTICE AND HEARING, THE COMMISSION DETERMINES THAT AN
23 ELECTRIC DISTRIBUTION COMPANY OR ELECTRIC GENERATION SUPPLIER
24 HAS FAILED TO COMPLY WITH SUBSECTIONS (B) AND (C), THE
25 COMMISSION SHALL IMPOSE AN ALTERNATIVE COMPLIANCE PAYMENT ON
26 THAT COMPANY OR SUPPLIER.

27 (3) THE ALTERNATIVE COMPLIANCE PAYMENT, WITH THE
28 EXCEPTION OF THE SOLAR PHOTOVOLTAIC SHARE COMPLIANCE
29 REQUIREMENT SET FORTH IN SUBSECTION (B)(2), SHALL BE \$60
30 TIMES THE NUMBER OF ADDITIONAL ALTERNATIVE ENERGY CREDITS

1 NEEDED IN ORDER TO COMPLY WITH SUBSECTION (B) OR (C).

2 (4) THE ALTERNATIVE COMPLIANCE PAYMENT FOR THE SOLAR
3 PHOTOVOLTAIC SHARE SHALL BE \$100 TIMES THE NUMBER OF
4 ADDITIONAL ALTERNATIVE ENERGY CREDITS NEEDED IN ORDER TO
5 COMPLY WITH SUBSECTION (B)(2).

6 (5) THE COMMISSION SHALL ESTABLISH A PROCESS TO PROVIDE
7 FOR, AT LEAST ANNUALLY, A REVIEW OF THE ALTERNATIVE ENERGY
8 MARKET WITHIN THIS COMMONWEALTH AND THE SERVICE TERRITORIES
9 OF THE REGIONAL TRANSMISSION ORGANIZATIONS THAT MANAGE THE
10 TRANSMISSION SYSTEM IN ANY PART OF THIS COMMONWEALTH. THE
11 COMMISSION WILL USE THE RESULTS OF THIS STUDY TO IDENTIFY ANY
12 NEEDED CHANGES TO THE COST ASSOCIATED WITH THE ALTERNATIVE
13 COMPLIANCE PAYMENT PROGRAM. THE COMMISSION MAY RAISE THE COST
14 OF THE ALTERNATIVE COMPLIANCE PAYMENTS TO MAINTAIN THE
15 INTEGRITY OF THE PAYMENTS PROGRAM AND TO ENSURE THAT IT IS
16 NOT USED TO MEET COMPLIANCE WITH THIS ACT IN LIEU OF
17 ACQUIRING ENERGY FROM ACTUAL ALTERNATIVE ENERGY SOURCES AS
18 DEFINED IN THIS ACT. IF THE COMMISSION FINDS THAT THE COSTS
19 ASSOCIATED WITH ALTERNATIVE COMPLIANCE PAYMENT PROGRAM MUST
20 BE LOWERED, THE COMMISSION SHALL PRESENT THESE FINDINGS TO
21 THE GENERAL ASSEMBLY FOR LEGISLATIVE ENACTMENT.

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

23 (1) NOTWITHSTANDING THE PROVISIONS OF 66 PA.C.S. §§ 511
24 (RELATING TO DISPOSITION, APPROPRIATION AND DISBURSEMENT OF
25 ASSESSMENTS AND FEES) AND 3315 (RELATING TO DISPOSITION OF
26 FINES AND PENALTIES), ALTERNATIVE COMPLIANCE PAYMENTS IMPOSED
27 PURSUANT TO THIS ACT SHALL BE PAID INTO THE SUSTAINABLE
28 DEVELOPMENT FUNDS, CREATED UNDER THE COMMISSIONS
29 RESTRUCTURING ORDERS UNDER 66 PA.C.S. CH. 28 (RELATING TO
30 RESTRUCTURING OF ELECTRIC UTILITY INDUSTRY). ALTERNATIVE

1 COMPLIANCE PAYMENTS WILL BE PAID INTO THE APPROPRIATE FUND
2 BASED UPON WHICH ELECTRIC DISTRIBUTION COMPANY OR ELECTRIC
3 GENERATION SUPPLIER INCURRED THE ALTERNATIVE COMPLIANCE
4 PAYMENT.

5 (2) THE ALTERNATIVE COMPLIANCE PAYMENTS SHALL BE
6 UTILIZED SOLELY FOR PROJECTS THAT WILL INCREASE THE AMOUNT OF
7 ELECTRIC ENERGY GENERATED FROM ALTERNATIVE ENERGY RESOURCES
8 FOR PURPOSES OF COMPLIANCE WITH SUBSECTIONS (B) AND (C).

9 SECTION 4. PORTFOLIO REQUIREMENTS IN OTHER STATES.

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

27 SECTION 5. INTERCONNECTION STANDARDS FOR CUSTOMER-GENERATOR
28 FACILITIES.

29 THE COMMISSION SHALL DEVELOP TECHNICAL AND NET METERING
30 INTERCONNECTION RULES FOR CUSTOMER-GENERATORS INTENDING TO

1 OPERATE RENEWABLE ONSITE GENERATORS IN PARALLEL WITH THE
2 ELECTRIC UTILITY GRID, CONSISTENT WITH RULES DEFINED IN OTHER
3 STATES WITHIN THE SERVICE REGION OF THE REGIONAL TRANSMISSION
4 ORGANIZATION. THE COMMISSION SHALL CONVENE A STAKEHOLDER PROCESS
5 TO DEVELOP STATEWIDE TECHNICAL AND NET METERING RULES FOR
6 CUSTOMER-GENERATORS. THE COMMISSION SHALL DEVELOP THESE RULES
7 WITHIN SIX MONTHS OF THE EFFECTIVE DATE OF THIS ACT.

8 SECTION 6. HEALTH AND SAFETY STANDARDS.

9 THE DEPARTMENT SHALL COOPERATE WITH THE DEPARTMENT OF LABOR
10 AND INDUSTRY AS NECESSARY IN DEVELOPING HEALTH AND SAFETY
11 STANDARDS, AS NEEDED, REGARDING FACILITIES GENERATING ENERGY
12 FROM ALTERNATIVE ENERGY SOURCES. THE DEPARTMENT SHALL ESTABLISH
13 APPROPRIATE AND REASONABLE HEALTH AND SAFETY STANDARDS TO ENSURE
14 UNIFORM AND PROPER COMPLIANCE WITH THIS ACT BY OWNERS AND
15 OPERATORS OF FACILITIES GENERATING ENERGY FROM ALTERNATIVE
16 ENERGY SOURCES AS DEFINED IN THIS ACT.

17 SECTION 7. INTERAGENCY RESPONSIBILITIES.

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

29 (B) DEPARTMENT RESPONSIBILITIES.--THE DEPARTMENT SHALL
30 ENSURE THAT ALL QUALIFIED ALTERNATIVE ENERGY SOURCES MEET ALL

1 APPLICABLE ENVIRONMENTAL STANDARDS.

2 (C) COOPERATION BETWEEN COMMISSION AND DEPARTMENT.--THE
3 COMMISSION AND THE DEPARTMENT SHALL WORK COOPERATIVELY TO
4 MONITOR THE PERFORMANCE OF ALL ASPECTS OF THIS ACT AND WILL
5 PROVIDE AN ANNUAL REPORT TO THE CHAIRMAN AND MINORITY CHAIRMAN
6 OF THE ENVIRONMENTAL RESOURCES AND ENERGY COMMITTEE OF THE
7 SENATE AND THE CHAIRMAN AND MINORITY CHAIRMAN OF THE
8 ENVIRONMENTAL RESOURCES AND ENERGY COMMITTEE OF THE HOUSE OF
9 REPRESENTATIVES. THE REPORT SHALL INCLUDE AT A MINIMUM:

10 (1) THE STATUS OF THE COMPLIANCE WITH THE PROVISIONS OF
11 THIS ACT BY ELECTRIC DISTRIBUTION COMPANIES AND ELECTRIC
12 GENERATIONS SUPPLIERS.

13 (2) CURRENT COSTS OF ALTERNATIVE ENERGY ON A PER
14 KILOWATT HOUR BASIS FOR ALL ALTERNATIVE ENERGY TECHNOLOGY
15 TYPES.

16 (3) COSTS ASSOCIATED WITH THE ALTERNATIVE ENERGY CREDITS
17 PROGRAM UNDER THIS ACT, INCLUDING THE NUMBER OF ALTERNATIVE
18 COMPLIANCE PAYMENTS.

19 (4) THE STATUS OF THE ALTERNATIVE ENERGY MARKETPLACE
20 WITHIN THIS COMMONWEALTH.

21 (5) RECOMMENDATIONS FOR PROGRAM IMPROVEMENTS.

22 SECTION 8. RURAL ELECTRIC COOPERATIVES.

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

28 SECTION 9. EFFECTIVE DATE.

29 THIS ACT SHALL TAKE EFFECT IN 90 DAYS.