
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 THOMPSON, APPROPRIATIONS, RE-REPORTED AS AMENDED,
NOVEMBER 15, 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.

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

9 Section 1. Short title.

10 This act shall be known and may be cited as the Alternative
11 Energy Portfolio Standards Act.

12 Section 2. Definitions.

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

16 "Alternative energy credit." A tradable instrument that is
17 used to establish, verify and monitor compliance with this act.
18 A unit of credit shall equal one megawatt hour of electricity
19 from an alternative energy source.

1 "Alternative energy portfolio standards." Standards
2 establishing that a certain amount of energy sold from
3 alternative energy sources is included as part of the sources of
4 electric generation by electric utilities within this
5 Commonwealth.

6 "Alternative energy sources." The term shall include the
7 following sources for the production of electricity:

8 (1) Solar photovoltaic energy.

9 (2) Solar thermal energy.

10 (3) Wind power.

11 ~~(4) Low impact hydropower, which shall mean technologies~~ <—
12 ~~that produce less than 40~~

13 (4) LARGE-SCALE HYDROPOWER. <—

14 (5) LOW-IMPACT HYDROPOWER, CONSISTING OF ANY TECHNOLOGY
15 THAT PRODUCES LESS THAN 50 megawatts of electric power and
16 that ~~harness~~ HARNESSSES the hydroelectric potential of moving <—
17 water impoundments, provided such incremental hydroelectric
18 development:

19 (i) does not adversely change existing impacts to
20 aquatic systems;

21 (ii) meets the certification standards established
22 by the Low Impact Hydropower Institute and American
23 Rivers, Inc., or their successors;

24 (iii) provides an adequate water flow for protection
25 of aquatic life and for safe and effective fish passage;

26 (iv) protects against erosion; and

27 (v) protects cultural and historic resources.

28 ~~(5)~~ (6) Geothermal energy, which shall mean electricity <—
29 produced by extracting hot water or steam from geothermal
30 reserves in the earth's crust and supplied to steam turbines

1 that drive generators to produce electricity.

2 ~~(6)~~ (7) Biomass energy, which shall mean the generation of electricity utilizing the following: <—

3
4 (i) organic material from a plant that is grown
5 ~~exclusively~~ for the purpose of being used to produce <—
6 electricity or IS protected by the Federal Conservation <—
7 Reserve Program (CRP) and provided further that crop
8 production on CRP lands does not prevent achievement of
9 the water quality protection, soil erosion prevention or
10 wildlife enhancement purposes for which the land was
11 primarily set aside; or

12 (ii) any solid nonhazardous, cellulosic waste
13 material that is segregated from other waste materials
14 ~~and which is derived from either~~, BY-PRODUCTS OF THE <—
15 PULPING PROCESS AND WOOD MANUFACTURING PROCESS INCLUDING
16 BARK, WOOD CHIPS, SAWDUST AND LIGNIN IN SPENT PULPING
17 LIQUORS, waste pallets, crates ~~and drainage~~, and <—
18 landscape or right-of-way tree trimmings or agricultural
19 sources, including orchard tree crops, vineyards, grain,
20 legumes, sugar and other crop by-products or residues.

21 ~~(7)~~ (8) Biologically derived methane gas, which shall <—
22 include methane from the anaerobic digestion of organic
23 materials from yard waste, such as grass clippings and
24 leaves, food waste, animal waste and sewage sludge. The term
25 also includes landfill methane gas.

26 ~~(8)~~ (9) Fuel cells, which shall mean any electrochemical <—
27 device that converts chemical energy in a hydrogen-rich fuel
28 directly into electricity, heat and water without combustion.

29 ~~(9)~~ (10) Waste coal, which shall include the combustion <—
30 of waste coal in facilities in which the waste coal was

1 disposed or abandoned prior to July 31, 1982, or disposed of
2 thereafter in a permitted coal refuse disposal site
3 regardless of when disposed of, and used to generate
4 electricity; or such other waste coal combustion meeting
5 alternate eligibility requirements established by regulation.
6 Facilities combusting waste coal shall use at a minimum a
7 combined fluidized bed boiler and be outfitted with a
8 limestone injection system and a fabric filter particulate
9 removal system. Alternative energy credits shall be
10 calculated based upon the proportion of waste coal utilized
11 to produce electricity at the facility.

12 ~~(10)~~ (11) Coal mine methane, which shall mean methane ←
13 gas emitting from abandoned or working coal mines.

14 ~~(11) Energy efficiency, which shall mean the use of ←~~
15 ~~technologies, management practices or other strategies that~~
16 ~~reduce electricity consumption by residential, commercial or~~
17 ~~industrial customers. The term shall include solar thermal,~~
18 ~~combined cycle technology, the recovery and reuse of energy~~
19 ~~from exhaust gases and other efficiency improvements that~~
20 ~~result in higher levels of electricity production without the~~
21 ~~use of additional fuel.~~

22 ~~(12) Load management, which shall mean the use of~~
23 ~~technologies, management practices or other strategies to~~
24 ~~shift electric load from periods of higher demand to periods~~
25 ~~of lower demand. The term shall include pump storage~~
26 ~~technologies.~~

27 ~~(13) Demand side management, which shall mean the~~
28 ~~management of customer demand through the implementation of~~
29 ~~energy efficiency and load management devices in the premises~~
30 ~~of residential, commercial, industrial, institutional and~~

1 ~~government customers and the installation of remote equipment~~
2 ~~that directly supports on site control of customer demand.~~

3 (12) DEMAND SIDE MANAGEMENT CONSISTING OF THE MANAGEMENT ←
4 OF CUSTOMER CONSUMPTION OF ELECTRICITY OR THE DEMAND FOR
5 ELECTRICITY THROUGH THE IMPLEMENTATION OF:

6 (I) ENERGY EFFICIENCY TECHNOLOGIES, MANAGEMENT
7 PRACTICES OR OTHER STRATEGIES IN RESIDENTIAL,
8 INSTITUTIONAL OR GOVERNMENT CUSTOMERS THAT REDUCE
9 ELECTRICITY CONSUMPTION BY THOSE CUSTOMERS;

10 (II) LOAD MANAGEMENT OR DEMAND RESPONSE
11 TECHNOLOGIES, MANAGEMENT PRACTICES OR OTHER STRATEGIES IN
12 RESIDENTIAL, COMMERCIAL, INDUSTRIAL, INSTITUTIONAL AND
13 GOVERNMENT CUSTOMERS THAT SHIFT ELECTRIC LOAD FROM
14 PERIODS OF HIGHER DEMAND TO PERIODS OF LOWER DEMAND,
15 INCLUDING PUMP STORAGE TECHNOLOGIES; OR

16 (III) INDUSTRIAL BY-PRODUCT TECHNOLOGIES CONSISTING
17 OF THE USE OF A BY-PRODUCT FROM AN INDUSTRIAL PROCESS,
18 INCLUDING THE REUSE OF ENERGY FROM EXHAUST GASES OR OTHER
19 MANUFACTURING BY-PRODUCTS THAT ARE USED IN THE DIRECT
20 PRODUCTION OF ELECTRICITY AT THE FACILITY OF A CUSTOMER.

21 ~~(14)~~ (13) Distributed generation system, which shall ←
22 mean the small-scale power generation of electricity using an
23 alternative energy source at a site that does not use the
24 facilities of an electric distribution company or a regional
25 transmission organization to supply an end user.

26 "Alternative energy system." A facility or energy system
27 that uses a form of alternative energy source to generate
28 electricity and delivers the electricity it generates to the
29 distribution system of an electric distribution company or to
30 the transmission system operated by a regional transmission

1 organization.

2 "Commission." The Pennsylvania Public Utility Commission.

3 "Cost recovery period." The period during which competitive
4 transition charges under 66 Pa.C.S § 2808 (relating to
5 competitive transition charge) or intangible transition charges
6 under 66 Pa.C.S. § 2812 (relating to approval of transition
7 bonds) are recovered or the period during which an electric
8 distribution company operates under a Pennsylvania Public
9 Utility Commission-approved generation rate plan that has been
10 approved ~~prior to~~ WITHIN ONE YEAR OF the effective date of this ←
11 act, but in no case shall the cost recovery period under this
12 act extend beyond December 31, 2010.

13 "Customer-generator." A nonutility owner or operator of a
14 net metered distributed generation system with a nameplate
15 capacity of not greater than 50 kilowatts if installed at a
16 residential service or not larger than 1,000 kilowatts at other
17 customer service locations, except for customers whose systems
18 are above one megawatt and up to two megawatts who make their
19 systems available to operate in parallel with the electric
20 utility during grid emergencies as defined by the regional
21 transmission organization, or where a microgrid is in place for
22 the purpose of maintaining critical infrastructure, such as
23 homeland security assignments, emergency services facilities,
24 hospitals, traffic signals, wastewater treatment plants or
25 telecommunications facilities, provided that technical rules for
26 operating generators interconnected with facilities of an
27 electric distribution company, electric cooperative or municipal
28 electric system have been promulgated by the Institute of
29 Electrical and Electronic Engineers and the Pennsylvania Public
30 Utility Commission.

1 "Department." The Department of Environmental Protection of
2 the Commonwealth.

3 "Electric distribution company." The term shall have the
4 same meaning given to it in 66 Pa.C.S. Ch. 28 (relating to
5 restructuring of electric utility industry).

6 "Electric generation supplier." The term shall have the same
7 meaning given to it in 66 Pa.C.S. Ch. 28 (relating to
8 restructuring of electric utility industry).

9 "Force majeure." An extended ~~true up period to allow~~ <—
10 ~~response time for~~ PERIOD FOR COMPLIANCE WHICH MAY BE GRANTED BY <—
11 THE COMMISSION, IF THE COMMISSION DETERMINES THAT ADDITIONAL
12 RESPONSE TIME IS NEEDED BECAUSE OF extreme deviations in
13 expected renewable generation resulting from events that are
14 impossible to control.

15 ~~"Microgrid." A local distribution circuit that has the~~ <—
16 ~~ability to operate safely when disconnected from the electric~~
17 ~~distribution company's facilities or from the facilities managed~~
18 ~~by a regional transmission organization.~~

19 "LARGE-SCALE HYDROPOWER." THE PRODUCTION OF AT LEAST 51 <—
20 MEGAWATTS OF ELECTRIC POWER BY HARNESSING THE HYDROELECTRIC
21 POTENTIAL OF MOVING WATER IMPOUNDMENTS.

22 "MUNICIPAL SOLID WASTE." THIS WILL INCLUDE ENERGY FROM
23 EXISTING WASTE TO ENERGY FACILITIES WHICH THE DEPARTMENT OF
24 ENVIRONMENTAL PROTECTION HAS DETERMINED ARE IN COMPLIANCE WITH
25 CURRENT ENVIRONMENTAL STANDARDS, INCLUDING, BUT NOT LIMITED TO,
26 ALL APPLICABLE REQUIREMENTS OF THE CLEAN AIR ACT (69 STAT. 322,
27 42 U.S.C. § 7401 ET SEQ.) AND ASSOCIATED PERMIT RESTRICTIONS,
28 AND ALL APPLICABLE REQUIREMENTS OF THE ACT OF JULY 7, 1980
29 (P.L.380, NO.97), KNOWN AS THE SOLID WASTE MANAGEMENT ACT.

30 "Net metering." The means of measuring the difference

1 between the electricity supplied by an electric utility and the
2 electricity generated by a customer-generator, when the
3 renewable energy generating system is intended primarily to
4 offset part or all of the customer-generator's requirements for
5 electricity.

6 ~~"Net metering system." A system that uses a single,~~ ←
7 ~~bidirectional, nonratcheting meter to measure the difference~~
8 ~~between the electricity supplied to a customer-generator by an~~
9 ~~electric utility and the electricity generated by a customer-~~
10 ~~generator interconnected and operated in parallel with an~~
11 ~~electric utility.~~

12 "Regional transmission organization." An entity approved by
13 the Federal Energy Regulatory Commission (FERC) that is created
14 to operate and manage the electrical transmission grids of the
15 member electric transmission utilities as required under FERC
16 Order 2000, Docket No. RM99-2-000, FERC Chapter 31.089 (1999) or
17 any successor organization approved by the FERC.

18 "Reporting period." The 12-month period from June 1 through
19 May 31. A reporting year shall be numbered according to the
20 calendar year in which it begins and ends.

21 "Retail electric customer." The term shall have the same
22 meaning given to it in 66 Pa.C.S Ch. 28 (relating to
23 restructuring of electric utility industry).

24 "Tier I alternative energy source." Energy derived from:

- 25 (1) Solar photovoltaic energy.
- 26 (2) Wind power.
- 27 (3) Low-impact hydropower.
- 28 (4) Geothermal energy.
- 29 (5) Biologically derived methane gas.

30 ~~(6) Coal mine methane gas.~~ ←

1 (1) ~~One year~~ TWO YEARS after the effective date of this <—
2 act, at least 1.5% of the electric energy sold by an electric
3 distribution company or electric generation supplier to
4 retail electric customers in this Commonwealth shall be
5 generated from Tier I alternative energy sources. Except as
6 provided in this section, the minimum percentage of electric
7 energy required to be sold to retail electric customers from
8 alternative energy sources shall increase to 2% ~~two~~ THREE <—
9 years after the effective date of this act. The minimum
10 percentage of electric energy required to be sold to retail
11 electric customers from alternative energy sources shall
12 increase by at least 0.5% each year so that at least ~~12%~~ 10% <—
13 of the electric energy sold by an electric distribution
14 company or electric generation supplier to retail electric
15 customers in that certificated territory in the 15th year
16 after the effective date of this subsection is sold from Tier
17 I alternative energy resources.

18 (2) Of the electric energy required to be sold from Tier
19 I sources, the percentage that must be sold from solar
20 photovoltaic technologies is FOR: <—

21 ~~(i) By year 1 — 0.0013%.~~ <—

22 ~~(ii) By year 5 — 0.0203%.~~

23 ~~(iii) By year 10 — 0.2500%.~~

24 ~~(iv) By year 15 and thereafter — 0.5000%.~~

25 (I) YEARS 1 THROUGH 4 - 0.0013%. <—

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

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

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

29 (3) Upon commencement of the beginning of the ~~10th~~ 6TH <—
30 reporting year, the commission shall undertake a review of

1 the compliance by electric distribution companies and
2 electric generation suppliers with the requirements of this
3 act. The review shall also include the status of alternative
4 energy technologies within this Commonwealth and the capacity
5 to add additional alternative energy resources. The
6 commission shall use the results of this review to ~~set~~ <—
7 RECOMMEND TO THE GENERAL ASSEMBLY additional compliance goals <—
8 beyond year 15. The commission shall work with the department
9 in evaluating the future alternative energy resource
10 potential.

11 (c) Tier II share.--Of the electrical energy required to be
12 ~~generated~~ SOLD from alternative energy sources identified in <—
13 Tier II, the percentage that must be from these technologies is
14 FOR: <—

- 15 ~~(1) Year 1 2.27%.~~ <—
- 16 ~~(2) Year 2 2.27%.~~
- 17 ~~(3) Year 3 2.27%.~~
- 18 ~~(4) Year 4 2.40%.~~
- 19 ~~(5) Year 5 2.40%.~~
- 20 ~~(6) Year 6 2.50%.~~
- 21 ~~(7) Year 7 2.50%.~~
- 22 ~~(8) Year 8 2.81%.~~
- 23 ~~(9) Year 9 2.81%.~~
- 24 ~~(10) Year 10 2.99%.~~
- 25 ~~(11) Year 11 and thereafter 3.20%.~~

- 26 (1) YEARS 1 THROUGH 4 - 2.2%. <—
- 27 (2) YEARS 5 THROUGH 9 - 3.2%.
- 28 (3) YEARS 10 THROUGH 14 - 4.2%.
- 29 (4) YEARS 15 AND THEREAFTER - 5.0%.

30 (d) Exemption during cost-recovery period.--Compliance with

1 subsections (a), (b) and (c) shall not be required for any
2 electric distribution company that has not reached the end of
3 its cost-recovery period or for electric generation supplier
4 sales in the service territory of an electric distribution
5 company that has not reached the end of its cost-recovery
6 period. At the conclusion of an electric distribution company's
7 cost-recovery period, this exception shall no longer apply, and
8 compliance shall be required at the percentages in effect at
9 that time. Electric distribution companies and electric
10 generation suppliers whose sales are exempted under this
11 subsection and who voluntarily sell electricity generated from
12 Tier I and Tier II sources during the cost-recovery period may
13 bank credits consistent with subsection (e)(7).

14 (e) Alternative energy credits.--

15 (1) The commission shall establish an alternative energy
16 credits program as needed to implement this act. The
17 provision of services pursuant to this section shall be
18 exempt from the competitive procurement procedures of 62
19 Pa.C.S. (relating to procurement).

20 (2) The commission shall approve an independent entity
21 to serve as the alternative energy credits program
22 administrator. The administrator shall have those powers and
23 duties assigned by commission regulations. Such powers and
24 duties shall include, but not be limited to, the following:

25 (i) To create and administer an alternative energy
26 credits certification, tracking and reporting program.
27 This program should include, at a minimum, a process for
28 qualifying alternative energy systems and determining the
29 manner credits can be created, accounted for, transferred
30 and retired.

1 (ii) To submit reports to the commission at such
2 times and in such manner as the commission shall direct.

3 (3) All qualifying alternative energy systems must
4 include a qualifying meter to record the cumulative electric
5 production to verify the advanced energy credit value.
6 Qualifying meters will be approved by the commission as
7 defined in paragraph (4).

8 (4) (i) An electric distribution company or electric
9 generation supplier shall comply with the applicable
10 requirements of this section by purchasing sufficient
11 alternative energy credits and submitting documentation
12 of compliance to the program administrator.

13 (ii) For purposes of this subsection, one
14 alternative energy credit shall represent one megawatt
15 hour of qualified alternative electric generation,
16 whether self-generated, purchased along with the electric
17 commodity or separately through a tradable instrument and
18 otherwise meeting the requirements of commission
19 regulations and the program administrator.

20 (5) The alternative energy credits program shall include
21 provisions requiring a reporting period as defined in section
22 2 for all covered entities under this act. The alternative
23 energy credits program shall also include a true-up period as
24 defined in section 2. The true-up period shall provide
25 entities covered under this act the ability to obtain the
26 required number of alternative energy credits or to make up
27 any shortfall of the alternative energy credits they may be
28 required to obtain to comply with this act. A force majeure
29 provision shall also be provided for under the true-up period
30 provisions.

1 (6) An electric distribution company and electric
2 generation supplier may bank or place in reserve alternative
3 energy credits produced in one reporting year for compliance
4 in either or both of the two subsequent reporting years,
5 subject to the limitations set forth in this subsection and
6 provided that the electric distribution company and electric
7 generation supplier are in compliance for all previous
8 reporting years. In addition, the electric distribution
9 company and electric generation supplier shall demonstrate to
10 the satisfaction of the commission that such credits:

11 (i) were in excess of the alternative energy credits
12 needed for compliance in the year in which they were
13 generated and that such excess credits have not
14 previously been used for compliance under this act;

15 (ii) do not exceed 30% of the credits needed by the
16 electric distribution company and electric generation
17 supplier for compliance in the year they were generated;

18 (iii) were produced by the generation of electrical
19 energy by alternative energy sources and sold to retail
20 customers during the year in which they were generated;
21 and

22 (iv) have not otherwise been nor will be sold,
23 retired, claimed or represented as part of satisfying
24 compliance with alternative or renewable energy portfolio
25 standards in other states.

26 (7) An electric distribution company or an electric
27 generation supplier with sales that are exempted under
28 subsection (d) may bank credits for retail sales of
29 electricity generated from Tier I and Tier II sources made
30 prior to the end of the cost-recovery period and after the

1 effective date of this act. Bankable credits shall be limited
2 to credits associated with electricity sold from Tier I and
3 Tier II sources during a reporting year which exceeds the
4 volume of sales from such sources by an electric distribution
5 company or electric generation supplier during the 12-month
6 period immediately preceding the effective date of this act.
7 All credits banked under this subsection shall be available
8 for compliance with subsections (b) and (c) for no more than
9 two reporting years following the conclusion of the cost-
10 recovery period.

11 (8) The commission or its designee shall develop a
12 registry of pertinent information regarding all available
13 alternative energy credits, credit transactions among
14 electric distribution companies and electric generation
15 suppliers, the number of alternative energy credits sold or
16 transferred and the price paid for the sale or transfer of
17 the credits. The registry shall provide current information
18 to electric distribution companies, electric generation
19 suppliers and the general public on the status of alternative
20 energy credits created, sold or transferred within this
21 Commonwealth.

22 (9) The commission may impose an administrative fee on
23 an alternative energy credit transaction. The amount of this
24 fee may not exceed the actual direct cost of processing the
25 transaction by the alternative energy credits administrator.
26 The commission is authorized to utilize up to 5% of the
27 alternative compliance fees generated under subsection ~~(d)~~ <—
28 (F) for administrative expenses directly associated with this <—
29 act.

30 (10) The commission shall establish regulations

1 governing the verification and tracking of energy efficiency
2 and demand-side management measures pursuant to this act,
3 which shall include benefits to all utility customer classes.
4 When developing regulations, the commission must give
5 reasonable consideration to existing and proposed regulations
6 and rules in existence in the regional transmission
7 organizations that manage the transmission system in any part
8 of this Commonwealth. All verified reductions shall accrue
9 credits starting with the passage of this act.

10 ~~(11) Each alternative energy credit created through a~~ <—
11 ~~demand side management, energy efficiency or load management~~
12 ~~program shall follow a depreciation schedule for a five year~~
13 ~~period. The schedule shall provide that: each megawatt (MW)~~
14 ~~of verified electrical savings would receive 100% credit in~~
15 ~~the first year after savings have been verified by the~~
16 ~~commission, .80 or 80% in the second year, .60 or 60% in the~~
17 ~~third year, .40 or 40% in the fourth year, .20 or 20% in the~~
18 ~~fifth year and 0% in the sixth year.~~

19 ~~(12)~~ (11) The commission shall within 90 120 days of the <—
20 effective date of this act develop the A DEPRECIATION <—
21 SCHEDULE FOR ALTERNATIVE ENERGY CREDITS CREATED THROUGH
22 DEMAND SIDE MANAGEMENT, ENERGY EFFICIENCY AND LOAD MANAGEMENT
23 TECHNOLOGIES AND SHALL DEVELOP standards for tracking and
24 verifying savings from energy efficiency, load management and
25 demand-side management measures. The commission shall allow
26 for a 60-day public comment period and shall issue final
27 standards within 30 days of the close of the public comment
28 period.

29 (f) Alternative compliance payment.--

30 (1) At the end of each program year, the program

1 administrator shall provide a report to the commission and to
2 each covered electric distribution company showing their
3 status level of alternative energy acquisition.

4 (2) The commission shall conduct a review of each
5 determination made under subsections (b) and (c). If, after
6 notice and hearing, the commission determines that an
7 electric distribution company or electric generation supplier
8 has failed to comply with subsections (b) and (c), the
9 commission shall impose an alternative compliance payment on
10 that company or supplier.

11 (3) The alternative compliance payment, with the
12 exception of the solar photovoltaic share compliance
13 requirement set forth in subsection (b)(2), shall be ~~\$60~~ \$45 ←
14 times the number of additional alternative energy credits
15 needed in order to comply with subsection (b) or (c).

16 (4) The alternative compliance payment for the solar
17 photovoltaic share shall be ~~\$100 times the number of~~ ←
18 ~~additional alternative energy credits needed in order to~~
19 ~~comply with subsection (b)(2).~~ 200% OF THE AVERAGE MARKET ←
20 SHARE OF THE SOLAR PHOTOVOLTAIC CREDITS SOLD DURING THE
21 REPORTING PERIOD.

22 (5) The commission shall establish a process to provide
23 for, at least annually, a review of the alternative energy
24 market within this Commonwealth and the service territories
25 of the regional transmission organizations that manage the
26 transmission system in any part of this Commonwealth. The
27 commission will use the results of this study to identify any
28 needed changes to the cost associated with the alternative
29 compliance payment program. The commission may raise the cost
30 of the alternative compliance payments to maintain the

1 integrity of the payments program and to ensure that it is
2 not used to meet compliance with this act in lieu of
3 acquiring energy from actual alternative energy sources as
4 defined in this act. If the commission finds that the costs
5 associated with alternative compliance payment program must
6 be lowered, the commission shall present these findings to
7 the General assembly for legislative enactment.

8 (g) Transfer to sustainable development funds.--

9 (1) Notwithstanding the provisions of 66 Pa.C.S. §§ 511
10 (relating to disposition, appropriation and disbursement of
11 assessments and fees) and 3315 (relating to disposition of
12 fines and penalties), alternative compliance payments imposed
13 pursuant to this act shall be paid into the sustainable
14 development funds, created under the commissions
15 restructuring orders under 66 Pa.C.S. Ch. 28 (relating to
16 restructuring of electric utility industry). Alternative
17 compliance payments will be paid into the appropriate fund
18 based upon which electric distribution company or electric
19 generation supplier incurred the alternative compliance
20 payment.

21 (2) The alternative compliance payments shall be
22 utilized solely for projects that will increase the amount of
23 electric energy generated from alternative energy resources
24 for purposes of compliance with subsections (b) and (c).

25 Section 4. Portfolio requirements in other states.

26 If an electric distribution supplier or electric generation
27 company provider sells electricity in any other state and is
28 subject to renewable energy portfolio requirements in that
29 state, they shall list any such requirement and shall indicate
30 how it satisfied those renewable energy portfolio requirements.

1 To prevent double-counting, the electric distribution supplier
2 or electric generation company shall not satisfy Pennsylvania's
3 alternative energy portfolio requirements using alternative
4 energy used to satisfy another state's portfolio requirements.
5 Energy derived only from alternative energy sources inside the
6 geographical boundaries of this Commonwealth or within the
7 service territory of any regional transmission organization that
8 manages the transmission system in any part of this Commonwealth
9 shall be eligible to meet the compliance requirements under this
10 act. Electric distribution companies and electric generation
11 suppliers shall document that this energy was not used to
12 satisfy another state's renewable energy portfolio standards.

13 Section 5. Interconnection standards for customer-generator
14 facilities.

15 The commission shall develop technical and net metering
16 interconnection rules for customer-generators intending to
17 operate renewable onsite generators in parallel with the
18 electric utility grid, consistent with rules defined in other
19 states within the service region of the regional transmission
20 organization THAT MANAGES THE TRANSMISSION SYSTEM IN ANY PART OF <—
21 THIS COMMONWEALTH. The commission shall convene a stakeholder
22 process to develop Statewide technical and net metering rules
23 for customer-generators. The commission shall develop these
24 rules within ~~six~~ NINE months of the effective date of this act. <—

25 Section 6. Health and safety standards.

26 The department shall cooperate with the Department of Labor
27 and Industry as necessary in developing health and safety
28 standards, as needed, regarding facilities generating energy
29 from alternative energy sources. The department shall establish
30 appropriate and reasonable health and safety standards to ensure

1 uniform and proper compliance with this act by owners and
2 operators of facilities generating energy from alternative
3 energy sources as defined in this act.

4 Section 7. Interagency responsibilities.

5 (a) Commission responsibilities.--The commission will carry
6 out the responsibilities delineated within this act. The
7 commission also shall, in cooperation with the department,
8 conduct an ongoing alternative energy resources planning
9 assessment for this Commonwealth. This assessment will, at a
10 minimum, identify current and operating alternative energy
11 facilities, the potential to add future alternative energy
12 generating capacity, and the conditions of the alternative
13 energy marketplace. The assessment will identify needed methods
14 to maintain or increase the relative competitiveness of the
15 alternative energy market within this Commonwealth.

16 (b) Department responsibilities.--The department shall
17 ensure that all qualified alternative energy sources meet all
18 applicable environmental standards AND SHALL VERIFY THAT AN
19 ALTERNATIVE ENERGY SOURCE MEETS THE STANDARDS SET FORTH IN
20 SECTION 2. ←

21 (c) Cooperation between commission and department.--The
22 commission and the department shall work cooperatively to
23 monitor the performance of all aspects of this act and will
24 provide an annual report to the chairman and minority chairman
25 of the Environmental Resources and Energy Committee of the
26 Senate and the chairman and minority chairman of the
27 Environmental Resources and Energy Committee of the House of
28 Representatives. The report shall include at a minimum:

29 (1) The status of the compliance with the provisions of
30 this act by electric distribution companies and electric

1 generations suppliers.

2 (2) Current costs of alternative energy on a per
3 kilowatt hour basis for all alternative energy technology
4 types.

5 (3) Costs associated with the alternative energy credits
6 program under this act, including the number of alternative
7 compliance payments.

8 (4) The status of the alternative energy marketplace
9 within this Commonwealth.

10 (5) Recommendations for program improvements.

11 Section 8. Rural electric cooperatives.

12 Each rural electric cooperative operating within this
13 Commonwealth shall offer to its retail customers a voluntary
14 program of energy efficiency and demand-side management
15 programs, as a means to satisfy compliance with the requirements
16 of this act.

17 Section 9. Effective date.

18 This act shall take effect in 90 days.