

THE GENERAL ASSEMBLY OF PENNSYLVANIA

**HOUSE BILL**

**No. 1203** Session of  
2007

INTRODUCED BY HORNAMAN, GEORGE, DePASQUALE, GERBER, McCALL,  
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TANGRETTI, THOMAS, VITALI, YUDICHAK, CURRY, FREEMAN,  
K. SMITH, GOODMAN, BENNINGTON AND M. SMITH, MAY 24, 2007

REFERRED TO COMMITTEE ON ENVIRONMENTAL RESOURCES AND ENERGY,  
MAY 24, 2007

AN ACT

1 Amending the act of November 30, 2004 (P.L.1672, No.213),  
2 entitled, "An act providing for the sale of electric energy  
3 generated from renewable and environmentally beneficial  
4 sources, for the acquisition of electric energy generated  
5 from renewable and environmentally beneficial sources by  
6 electric distribution and supply companies and for the powers  
7 and duties of the Pennsylvania Public Utility Commission,"  
8 further providing for the definition of "force majeure," for  
9 alternative energy portfolio standards, for portfolio  
10 requirements in other states and for interconnection  
11 standards for customer-generator facilities.

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

14 Section 1. The definition of "force majeure" in section 2 of  
15 the act of November 30, 2004 (P.L.1672, No.213), known as the  
16 Alternative Energy Portfolio Standards Act, is amended to read:

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  
20 context clearly indicates otherwise:

1 \* \* \*

2 "Force majeure." Upon its own initiative or upon a request  
3 of an electric distribution company or an electric generator  
4 supplier, the Pennsylvania Public Utility Commission, within 60  
5 days, shall determine if alternative energy resources are  
6 reasonably available in the marketplace in sufficient quantities  
7 for the electric distribution companies and electric generation  
8 suppliers to meet their obligations for that reporting period  
9 under this act. In making this determination the commission  
10 shall consider whether electric distribution companies or  
11 electric generation suppliers have made a good faith effort to  
12 acquire sufficient alternative energy to comply with their  
13 obligations. Such good faith efforts shall include, but are not  
14 limited to, banking alternative energy credits during their  
15 transition periods, seeking alternative energy credits through  
16 competitive solicitations and seeking to procure alternative  
17 energy credits or alternative energy through long-term  
18 contracts. In further making its determination the commission  
19 shall assess the availability of alternative energy credits in  
20 the Generation Attributes Tracking System (GATS) or its  
21 successor, and the availability of alternative energy credits  
22 generally in Pennsylvania and other jurisdictions in the PJM  
23 Interconnection, L.L.C. regional transmission organization (PJM)  
24 or its successor. The commission may also require solicitations  
25 for alternative energy credits as part of default service before  
26 requests of force majeure can be made. If the commission further  
27 determines that alternative energy resources are not reasonably  
28 available in sufficient quantities in the marketplace for the  
29 electric distribution companies and electric generation  
30 suppliers to meet their obligations under this act, then the

1 commission shall modify the underlying obligation of the  
2 electric distribution company or electric generation supplier or  
3 recommend to the General Assembly that the underlying obligation  
4 be eliminated.

5 \* \* \*

6 Section 2. Sections 3(b) and (f), 4 and 5 of the act are  
7 amended to read:

8 Section 3. Alternative energy portfolio standards.

9 \* \* \*

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

11 (1) Two years after the effective date of this act, at  
12 least 1.5% of the electric energy sold by an electric  
13 distribution company or electric generation supplier to  
14 retail electric customers in this Commonwealth shall be  
15 generated from Tier I alternative energy sources. Except as  
16 provided in this section, the minimum percentage of electric  
17 energy required to be sold to retail electric customers from  
18 alternative energy sources shall increase to 2% three years  
19 after the effective date of this act. The minimum percentage  
20 of electric energy required to be sold to retail electric  
21 customers from alternative energy sources shall increase by  
22 at least 0.5% each year so that at least 8% of the electric  
23 energy sold by an electric distribution company or electric  
24 generation supplier to retail electric customers in that  
25 certificated territory in the 15th year after the effective  
26 date of this subsection is sold from Tier I alternative  
27 energy resources.

28 (2) Of the electric energy required to be sold from Tier  
29 I sources, the total percentage that must be sold from solar  
30 photovoltaic technologies is [for]:

- 1 [(i) Years 1 through 4 - 0.0013%.  
2 (ii) Years 5 through 9 - 0.0203%.  
3 (iii) Years 10 through 14 - 0.2500%.  
4 (iv) Years 15 and thereafter - 0.5000%.]  
5 (i) 0.0013% for June 1, 2006, through May 31, 2007.  
6 (ii) 0.0030% for June 1, 2007, through May 31, 2008.  
7 (iii) 0.0063% for June 1, 2008, through May 31,  
8 2009.  
9 (iv) 0.0120% for June 1, 2009, through May 31, 2010.  
10 (v) 0.0203% for June 1, 2010, through May 31, 2011.  
11 (vi) 0.0325% for June 1, 2011, through May 31, 2012.  
12 (vii) 0.0510% for June 1, 2012, through May 31,  
13 2013.  
14 (viii) 0.0840% for June 1, 2013, through May 31,  
15 2014.  
16 (ix) 0.1440% for June 1, 2014, through May 31, 2015.  
17 (x) 0.2500% for June 1, 2015, through May 31, 2016.  
18 (xi) 0.2933% for June 1, 2016, through May 31, 2017.  
19 (xii) 0.3400% for June 1, 2017, through May 31,  
20 2018.  
21 (xiii) 0.3900% for June 1, 2018, through May 31,  
22 2019.  
23 (xiv) 0.4433% for June 1, 2019, through May 31,  
24 2020.  
25 (xv) 0.5000% for June 1, 2020, through May 31, 2021.

26 The percentages in this paragraph shall apply to all retail  
27 electricity sales in this Commonwealth.

28 (3) Upon commencement of the beginning of the 6th  
29 reporting year, the commission shall undertake a review of  
30 the compliance by electric distribution companies and

1 electric generation suppliers with the requirements of this  
2 act. The review shall also include the status of alternative  
3 energy technologies within this Commonwealth and the capacity  
4 to add additional alternative energy resources. The  
5 commission shall use the results of this review to recommend  
6 to the General Assembly additional compliance goals beyond  
7 year 15. The commission shall work with the department in  
8 evaluating the future alternative energy resource potential.

9 \* \* \*

10 (f) Alternative compliance payment.--

11 (1) At the end of each program year, the program  
12 administrator shall provide a report to the commission and to  
13 each covered electric distribution company showing their  
14 status level of alternative energy acquisition.

15 (2) The commission shall conduct a review of each  
16 determination made under subsections (b) and (c). If, after  
17 notice and hearing, the commission determines that an  
18 electric distribution company or electric generation supplier  
19 has failed to comply with subsections (b) and (c), the  
20 commission shall impose an alternative compliance payment on  
21 that company or supplier.

22 (3) The alternative compliance payment, with the  
23 exception of the solar photovoltaic share compliance  
24 requirement set forth in subsection (b)(2), shall be \$45  
25 times the number of additional alternative energy credits  
26 needed in order to comply with subsection (b) or (c).

27 (4) The alternative compliance payment for the solar  
28 photovoltaic share shall be 200% of the average market value  
29 of solar renewable energy credits sold during the reporting  
30 period within the service region of the regional transmission

1 organization, including, where applicable, the levelized up-  
2 front rebates received by sellers of solar renewable energy  
3 credits in other jurisdictions in the PJM Interconnection,  
4 L.L.C. transmission organization (PJM) or its successor.

5 (5) The commission shall establish a process to provide  
6 for, at least annually, a review of the alternative energy  
7 market within this Commonwealth and the service territories  
8 of the regional transmission organizations that manage the  
9 transmission system in any part of this Commonwealth. The  
10 commission will use the results of this study to identify any  
11 needed changes to the cost associated with the alternative  
12 compliance payment program. If the commission finds that the  
13 costs associated with the alternative compliance payment  
14 program must be changed, the commission shall present these  
15 findings to the General Assembly for legislative enactment.

16 \* \* \*

17 Section 4. Portfolio requirements in other states.

18 If an electric distribution supplier or electric generation  
19 company provider sells electricity in any other state and is  
20 subject to renewable energy portfolio requirements in that  
21 state, they shall list any such requirement and shall indicate  
22 how it satisfied those renewable energy portfolio requirements.  
23 To prevent double-counting, the electric distribution supplier  
24 or electric generation company shall not satisfy Pennsylvania's  
25 alternative energy portfolio requirements using alternative  
26 energy used to satisfy another state's portfolio requirements[.  
27 Energy derived only from alternative energy sources inside the  
28 geographical boundaries of this Commonwealth or within the  
29 service territory of any regional transmission organization that  
30 manages the transmission system in any part of this Commonwealth

1 shall be eligible to meet the compliance requirements under this  
2 act.] or alternative energy credits already purchased by  
3 individuals, businesses, or government bodies that do not have a  
4 compliance obligation under this act unless the individual,  
5 business or government body sells those credits to the electric  
6 distribution company or electric generation supplier. Energy  
7 derived from alternative energy sources inside the geographical  
8 boundaries of this Commonwealth shall be eligible to meet the  
9 compliance requirements under this act. Energy derived from  
10 alternative energy sources located outside the geographical  
11 boundaries of this Commonwealth but within the service territory  
12 of a regional transmission organization that manages the  
13 transmission system in any part of this Commonwealth shall only  
14 be eligible to meet the compliance requirements of electric  
15 distribution companies or electric generation suppliers located  
16 within the service territory of the same regional transmission  
17 organization. For purposes of compliance with this act,  
18 alternative energy sources located in the PJM Interconnection,  
19 L.L.C. regional transmission organization (PJM) or its successor  
20 service territory shall be eligible to fulfill compliance  
21 obligations of Pike County Light and Power Company and  
22 Pennsylvania Power Company. Energy derived from alternative  
23 energy sources located outside the service territory of a  
24 regional transmission organization that manages the transmission  
25 system in any part of this Commonwealth shall not be eligible to  
26 meet the compliance requirements of this act. Electric  
27 distribution companies and electric generation suppliers shall  
28 document that this energy was not used to satisfy another  
29 state's renewable energy portfolio standards.

30 Section 5. Interconnection standards for customer-generator

1 facilities.

2 Excess generation from net-metered customer-generators shall  
3 be "trued-up" on an annual basis. The commission shall develop  
4 technical and net metering interconnection rules for customer-  
5 generators intending to operate renewable onsite generators in  
6 parallel with the electric utility grid, consistent with rules  
7 defined in other states within the service region of the  
8 regional transmission organization that manages the transmission  
9 system in any part of this Commonwealth. The commission shall  
10 convene a stakeholder process to develop Statewide technical and  
11 net metering rules for customer-generators. The commission shall  
12 develop these rules within nine months of the effective date of  
13 this act.

14 Section 3. This act shall take effect immediately.