

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1203 Session of 2007

INTRODUCED BY HORNAMAN, GEORGE, DePASQUALE, GERBER, McCALL, CALTAGIRONE, CONKLIN, DeWEESE, EACHUS, GIBBONS, HARHAI, HARKINS, JAMES, JOSEPHS, KORTZ, MAHONEY, MANDERINO, McGEEHAN, MUNDY, M. O'BRIEN, PRESTON, SAINATO, SHIMKUS, STABACK, SURRA, TANGRETTI, THOMAS, VITALI, YUDICHAK, CURRY, FREEMAN, K. SMITH, GOODMAN, BENNINGTON, M. SMITH, PETRONE, LENTZ, GRUCELA, FABRIZIO AND WALKO, MAY 24, 2007

AS AMENDED ON SECOND CONSIDERATION, HOUSE OF REPRESENTATIVES, JUNE 20, 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," <—
9 DEFINITIONS, for alternative energy portfolio standards, for <—
10 portfolio requirements in other states and for
11 interconnection 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 1. THE DEFINITIONS OF "ALTERNATIVE ENERGY CREDIT," <—
18 "CUSTOMER-GENERATOR," "FORCE MAJEURE" AND "TIER I ALTERNATIVE
19 ENERGY SOURCE" IN SECTION 2 OF THE ACT OF NOVEMBER 30, 2004

1 (P.L.1672, NO.213), KNOWN AS THE ALTERNATIVE ENERGY PORTFOLIO
2 STANDARDS ACT, ARE AMENDED TO READ:

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. THE ALTERNATIVE ENERGY CREDIT
11 SHALL REMAIN THE PROPERTY OF THE ALTERNATIVE ENERGY SYSTEM UNTIL
12 THE ALTERNATIVE ENERGY CREDIT IS VOLUNTARILY TRANSFERRED BY THE
13 ALTERNATIVE ENERGY SYSTEM.

14 * * *

15 "CUSTOMER-GENERATOR." A NONUTILITY OWNER OR OPERATOR OF A ←
16 NET METERED DISTRIBUTED GENERATION SYSTEM WITH A NAMEPLATE
17 CAPACITY OF NOT GREATER THAN 50 KILOWATTS IF INSTALLED AT A
18 RESIDENTIAL SERVICE OR NOT LARGER THAN [1,000] 3,000 KILOWATTS
19 AT OTHER CUSTOMER SERVICE LOCATIONS, EXCEPT FOR CUSTOMERS WHOSE
20 SYSTEMS ARE ABOVE [ONE MEGAWATT] THREE MEGAWATTS AND UP TO [TWO]
21 FIVE MEGAWATTS WHO MAKE THEIR SYSTEMS AVAILABLE TO OPERATE IN
22 PARALLEL WITH THE ELECTRIC UTILITY DURING GRID EMERGENCIES AS
23 DEFINED BY THE REGIONAL TRANSMISSION ORGANIZATION OR WHERE A
24 MICROGRID IS IN PLACE FOR THE PRIMARY OR SECONDARY PURPOSE OF
25 MAINTAINING CRITICAL INFRASTRUCTURE, SUCH AS HOMELAND SECURITY
26 ASSIGNMENTS, EMERGENCY SERVICES FACILITIES, HOSPITALS, TRAFFIC
27 SIGNALS, WASTEWATER TREATMENT PLANTS OR TELECOMMUNICATIONS
28 FACILITIES, PROVIDED THAT TECHNICAL RULES FOR OPERATING
29 GENERATORS INTERCONNECTED WITH FACILITIES OF AN ELECTRIC
30 DISTRIBUTION COMPANY, ELECTRIC COOPERATIVE OR MUNICIPAL ELECTRIC

1 SYSTEM HAVE BEEN PROMULGATED BY THE INSTITUTE OF ELECTRICAL AND
2 ELECTRONIC ENGINEERS AND THE PENNSYLVANIA PUBLIC UTILITY
3 COMMISSION.

4 * * *

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

1 available in sufficient quantities in the marketplace for the
2 electric distribution companies and electric generation
3 suppliers to meet their obligations under this act, then the
4 commission shall modify the underlying obligation of the
5 electric distribution company or electric generation supplier or
6 recommend to the General Assembly that the underlying obligation
7 be eliminated. COMMISSION MODIFICATION OF THE ELECTRIC ←
8 DISTRIBUTION COMPANY OR ELECTRIC GENERATION SUPPLIER OBLIGATIONS
9 UNDER THIS ACT SHALL BE FOR THAT COMPLIANCE PERIOD ONLY.
10 COMMISSION MODIFICATION SHALL NOT AUTOMATICALLY REDUCE THE
11 OBLIGATION FOR SUBSEQUENT COMPLIANCE YEARS. IF THE COMMISSION
12 MODIFIES THE ELECTRIC DISTRIBUTION COMPANY OR ELECTRIC
13 GENERATION SUPPLIER OBLIGATIONS UNDER THIS ACT, THE COMMISSION
14 MAY REQUIRE THE ELECTRIC DISTRIBUTION COMPANY OR ELECTRIC
15 GENERATION SUPPLIER TO ACQUIRE ADDITIONAL ALTERNATIVE ENERGY
16 CREDITS IN SUBSEQUENT YEARS EQUIVALENT TO THE OBLIGATION REDUCED
17 DUE TO A FORCE MAJEURE DECLARATION IF THE COMMISSION DETERMINES
18 THAT SUFFICIENT ALTERNATIVE ENERGY CREDITS EXIST IN THE
19 MARKETPLACE.

20 * * *

21 "TIER I ALTERNATIVE ENERGY SOURCE." ENERGY DERIVED FROM: ←

22 (1) SOLAR PHOTOVOLTAIC AND SOLAR THERMAL ENERGY.

23 (2) WIND POWER.

24 (3) LOW-IMPACT HYDROPOWER.

25 (4) GEOTHERMAL ENERGY.

26 (5) BIOLOGICALLY DERIVED METHANE GAS.

27 (6) FUEL CELLS.

28 (7) BIOMASS ENERGY.

29 (8) COAL MINE METHANE.

30 * * *

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

3 Section 3. Alternative energy portfolio standards.

4 * * *

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 8% 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 ←
24 Tier I sources, the total percentage that must be sold from
25 solar photovoltaic technologies is ~~{for}~~ FOR:] THE TOTAL ←
26 PERCENTAGE OF THE ELECTRIC ENERGY SOLD BY AN ELECTRIC
27 DISTRIBUTION COMPANY OR AN ELECTRIC GENERATION SUPPLIER TO
28 RETAIL ELECTRIC CUSTOMERS IN THIS COMMONWEALTH THAT MUST BE
29 SOLD FROM SOLAR PHOTOVOLTAIC TECHNOLOGIES IS:

30 [(i) Years 1 through 4 - 0.0013%.

- (ii) Years 5 through 9 - 0.0203%.
- (iii) Years 10 through 14 - 0.2500%.
- (iv) Years 15 and thereafter - 0.5000%.]
- (i) 0.0013% for June 1, 2006, through May 31, 2007.
- (ii) 0.0030% for June 1, 2007, through May 31, 2008.
- (iii) 0.0063% for June 1, 2008, through May 31,
2009.
- (iv) 0.0120% for June 1, 2009, through May 31, 2010.
- (v) 0.0203% for June 1, 2010, through May 31, 2011.
- (vi) 0.0325% for June 1, 2011, through May 31, 2012.
- (vii) 0.0510% for June 1, 2012, through May 31,
2013.
- (viii) 0.0840% for June 1, 2013, through May 31,
2014.
- (ix) 0.1440% for June 1, 2014, through May 31, 2015.
- (x) 0.2500% for June 1, 2015, through May 31, 2016.
- (xi) 0.2933% for June 1, 2016, through May 31, 2017.
- (xii) 0.3400% for June 1, 2017, through May 31,
2018.
- (xiii) 0.3900% for June 1, 2018, through May 31,
2019.
- (xiv) 0.4433% for June 1, 2019, through May 31,
- 2020.
- ~~(xv) 0.5000% for June 1, 2020, through May 31, 2021.~~

~~The percentages in this paragraph shall apply to all retail~~
~~electricity sales in this Commonwealth. AND THEREAFTER.~~

(3) Upon commencement of the beginning of the 6th reporting year, the commission shall undertake a review of the compliance by electric distribution companies and electric generation suppliers with the requirements of this

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

8 * * *

9 (E) ALTERNATIVE ENERGY CREDITS.--

←

10 (1) THE COMMISSION SHALL ESTABLISH AN ALTERNATIVE ENERGY
11 CREDITS PROGRAM AS NEEDED TO IMPLEMENT THIS ACT. THE
12 PROVISION OF SERVICES PURSUANT TO THIS SECTION SHALL BE
13 EXEMPT FROM THE COMPETITIVE PROCUREMENT PROCEDURES OF 62
14 PA.C.S. (RELATING TO PROCUREMENT).

15 (2) THE COMMISSION SHALL APPROVE AN INDEPENDENT ENTITY
16 TO SERVE AS THE ALTERNATIVE ENERGY CREDITS PROGRAM
17 ADMINISTRATOR. THE ADMINISTRATOR SHALL HAVE THOSE POWERS AND
18 DUTIES ASSIGNED BY COMMISSION REGULATIONS. SUCH POWERS AND
19 DUTIES SHALL INCLUDE, BUT NOT BE LIMITED TO, THE FOLLOWING:

20 (I) TO CREATE AND ADMINISTER AN ALTERNATIVE ENERGY
21 CREDITS CERTIFICATION, TRACKING AND REPORTING PROGRAM.
22 THIS PROGRAM SHOULD INCLUDE, AT A MINIMUM, A PROCESS FOR
23 QUALIFYING ALTERNATIVE ENERGY SYSTEMS AND DETERMINING THE
24 MANNER CREDITS CAN BE CREATED, ACCOUNTED FOR, TRANSFERRED
25 AND RETIRED.

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

28 (3) ALL QUALIFYING ALTERNATIVE ENERGY SYSTEMS MUST
29 INCLUDE A QUALIFYING METER TO RECORD THE CUMULATIVE ELECTRIC
30 PRODUCTION TO VERIFY THE ADVANCED ENERGY CREDIT VALUE.

1 QUALIFYING METERS WILL BE APPROVED BY THE COMMISSION AS
2 DEFINED IN PARAGRAPH (4).

3 (4) (I) AN ELECTRIC DISTRIBUTION COMPANY OR ELECTRIC
4 GENERATION SUPPLIER SHALL COMPLY WITH THE APPLICABLE
5 REQUIREMENTS OF THIS SECTION BY PURCHASING SUFFICIENT
6 ALTERNATIVE ENERGY CREDITS AND SUBMITTING DOCUMENTATION
7 OF COMPLIANCE TO THE PROGRAM ADMINISTRATOR.

8 (II) FOR PURPOSES OF THIS SUBSECTION, ONE
9 ALTERNATIVE ENERGY CREDIT SHALL REPRESENT ONE MEGAWATT
10 HOUR OF QUALIFIED ALTERNATIVE ELECTRIC GENERATION,
11 WHETHER SELF-GENERATED, PURCHASED ALONG WITH THE ELECTRIC
12 COMMODITY OR SEPARATELY THROUGH A TRADABLE INSTRUMENT AND
13 OTHERWISE MEETING THE REQUIREMENTS OF COMMISSION
14 REGULATIONS AND THE PROGRAM ADMINISTRATOR.

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

26 (6) AN ELECTRIC DISTRIBUTION COMPANY AND ELECTRIC
27 GENERATION SUPPLIER MAY BANK OR PLACE IN RESERVE ALTERNATIVE
28 ENERGY CREDITS PRODUCED IN ONE REPORTING YEAR FOR COMPLIANCE
29 IN EITHER OR BOTH OF THE TWO SUBSEQUENT REPORTING YEARS,
30 SUBJECT TO THE LIMITATIONS SET FORTH IN THIS SUBSECTION AND

1 PROVIDED THAT THE ELECTRIC DISTRIBUTION COMPANY AND ELECTRIC
2 GENERATION SUPPLIER ARE IN COMPLIANCE FOR ALL PREVIOUS
3 REPORTING YEARS. IN ADDITION, THE ELECTRIC DISTRIBUTION
4 COMPANY AND ELECTRIC GENERATION SUPPLIER SHALL DEMONSTRATE TO
5 THE SATISFACTION OF THE COMMISSION THAT SUCH CREDITS:

6 (I) WERE IN EXCESS OF THE ALTERNATIVE ENERGY CREDITS
7 NEEDED FOR COMPLIANCE IN THE YEAR IN WHICH THEY WERE
8 GENERATED AND THAT SUCH EXCESS CREDITS HAVE NOT
9 PREVIOUSLY BEEN USED FOR COMPLIANCE UNDER THIS ACT;

10 (II) WERE PRODUCED BY THE GENERATION OF ELECTRICAL
11 ENERGY BY ALTERNATIVE ENERGY SOURCES AND SOLD TO RETAIL
12 CUSTOMERS DURING THE YEAR IN WHICH THEY WERE GENERATED;

13 AND

14 (III) HAVE NOT OTHERWISE BEEN NOR WILL BE SOLD,
15 RETIRED, CLAIMED OR REPRESENTED AS PART OF SATISFYING
16 COMPLIANCE WITH ALTERNATIVE OR RENEWABLE ENERGY PORTFOLIO
17 STANDARDS IN OTHER STATES.

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

1 TWO REPORTING YEARS FOLLOWING THE CONCLUSION OF THE COST-
2 RECOVERY PERIOD.

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

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

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

1 CREDITS STARTING WITH THE PASSAGE OF THIS ACT.

2 (11) THE COMMISSION SHALL WITHIN 120 DAYS OF THE
3 EFFECTIVE DATE OF THIS ACT DEVELOP A DEPRECIATION SCHEDULE
4 FOR ALTERNATIVE ENERGY CREDITS CREATED THROUGH DEMAND-SIDE
5 MANAGEMENT, ENERGY EFFICIENCY AND LOAD MANAGEMENT
6 TECHNOLOGIES AND SHALL DEVELOP STANDARDS FOR TRACKING AND
7 VERIFYING SAVINGS FROM ENERGY EFFICIENCY, LOAD MANAGEMENT AND
8 DEMAND-SIDE MANAGEMENT MEASURES. THE COMMISSION SHALL ALLOW
9 FOR A 60-DAY PUBLIC COMMENT PERIOD AND SHALL ISSUE FINAL
10 STANDARDS WITHIN 30 DAYS OF THE CLOSE OF THE PUBLIC COMMENT
11 PERIOD.

12 (12) (I) UNLESS A CONTRACTUAL PROVISION EXPLICITLY
13 ASSIGNS ALTERNATIVE ENERGY CREDITS IN A DIFFERENT MANNER,
14 THE OWNER OF THE ALTERNATIVE ENERGY SYSTEM OR A CUSTOMER-
15 GENERATOR OWNS ANY AND ALL ALTERNATIVE ENERGY CREDITS
16 ASSOCIATED WITH OR CREATED BY THE PRODUCTION OF ELECTRIC
17 ENERGY BY SUCH FACILITY OR CUSTOMER, AND THE OWNER OR
18 CUSTOMER SHALL BE ENTITLED TO SELL, TRANSFER OR TAKE ANY
19 OTHER ACTION TO WHICH A LEGAL OWNER OF PROPERTY IS
20 ENTITLED TO TAKE WITH RESPECT TO THE CREDITS.

21 (II) THIS PARAGRAPH SHALL APPLY TO ALL ALTERNATIVE
22 ENERGY CREDITS WHICH WERE CREATED PURSUANT TO THIS ACT
23 PRIOR TO THE EFFECTIVE DATE OF THIS PARAGRAPH AND WHICH
24 WILL BE CREATED AFTER THE EFFECTIVE DATE OF THIS
25 PARAGRAPH, REGARDLESS OF WHEN ANY UNDERLYING CONTRACT FOR
26 THE PURCHASE OF ELECTRIC ENERGY OR OTHER PRODUCTS FROM
27 THE GENERATOR THAT QUALIFIES AS AN ALTERNATIVE ENERGY
28 SYSTEM WAS EXECUTED.

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 \$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 200% of the average market value
18 of solar renewable energy credits sold during the reporting
19 period within the service region of the regional transmission
20 organization, including, where applicable, the levelized up-
21 front rebates received by sellers of solar renewable energy
22 credits in other jurisdictions in the PJM Interconnection,
23 L.L.C. transmission organization (PJM) or its successor.

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

1 compliance payment program. If the commission finds that the
2 costs associated with the alternative compliance payment
3 program must be changed, the commission shall present these
4 findings to the General Assembly for legislative enactment.

5 * * *

6 Section 4. Portfolio requirements in other states.

7 If an electric distribution supplier or electric generation
8 company provider sells electricity in any other state and is
9 subject to renewable energy portfolio requirements in that
10 state, they shall list any such requirement and shall indicate
11 how it satisfied those renewable energy portfolio requirements.
12 To prevent double-counting, the electric distribution supplier
13 or electric generation company shall not satisfy Pennsylvania's
14 alternative energy portfolio requirements using alternative
15 energy used to satisfy another state's portfolio requirements[.
16 Energy derived only from alternative energy sources inside the
17 geographical boundaries of this Commonwealth or within the
18 service territory of any regional transmission organization that
19 manages the transmission system in any part of this Commonwealth
20 shall be eligible to meet the compliance requirements under this
21 act.] or alternative energy credits already purchased by
22 individuals, businesses, or government bodies that do not have a
23 compliance obligation under this act unless the individual,
24 business or government body sells those credits to the electric
25 distribution company or electric generation supplier. Energy
26 derived from alternative energy sources inside the geographical
27 boundaries of this Commonwealth shall be eligible to meet the
28 compliance requirements under this act. Energy derived from
29 alternative energy sources located outside the geographical
30 boundaries of this Commonwealth but within the service territory

1 of a regional transmission organization that manages the
2 transmission system in any part of this Commonwealth shall only
3 be eligible to meet the compliance requirements of electric
4 distribution companies or electric generation suppliers located
5 within the service territory of the same regional transmission
6 organization. For purposes of compliance with this act,
7 alternative energy sources located in the PJM Interconnection,
8 L.L.C. regional transmission organization (PJM) or its successor
9 service territory shall be eligible to fulfill compliance
10 obligations of Pike County Light and Power Company and ←
11 Pennsylvania Power Company. ALL PENNSYLVANIA ELECTRIC ←
12 DISTRIBUTION COMPANIES AND ELECTRIC GENERATION SUPPLIERS. Energy
13 derived from alternative energy sources located outside the
14 service territory of a regional transmission organization that
15 manages the transmission system in any part of this Commonwealth
16 shall not be eligible to meet the compliance requirements of
17 this act. Electric distribution companies and electric
18 generation suppliers shall document that this energy was not
19 used to satisfy another state's renewable energy portfolio
20 standards.

21 Section 5. Interconnection standards for customer-generator
22 facilities.

23 Excess generation from net-metered customer-generators shall
24 be "trued up" RECEIVE FULL RETAIL VALUE FOR ALL ENERGY PRODUCED ←
25 on an annual basis. The commission shall develop technical and
26 net metering interconnection rules for customer-generators
27 intending to operate renewable onsite generators in parallel
28 with the electric utility grid, consistent with rules defined in
29 other states within the service region of the regional
30 transmission organization that manages the transmission system

1 in any part of this Commonwealth. The commission shall convene a
2 stakeholder process to develop Statewide technical and net
3 metering rules for customer-generators. The commission shall
4 develop these rules within nine months of the effective date of
5 this act.

6 SECTION 3. THE ADDITION OF SECTION 3(E)(12) OF THE ACT SHALL <—
7 APPLY TO ALL ALTERNATIVE ENERGY CREDITS CREATED UNDER THE ACT
8 BEFORE, ON OR AFTER THE EFFECTIVE DATE OF THIS SECTION,
9 REGARDLESS OF WHEN ANY UNDERLYING CONTRACT FOR THE PURCHASE OF
10 ELECTRIC ENERGY OR OTHER PRODUCTS FROM THE GENERATOR THAT
11 QUALIFIES AS AN ALTERNATIVE ENERGY SYSTEM WAS EXECUTED.

12 Section 3 4. This act shall take effect immediately. <—