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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 1203 Session of  
2007

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INTRODUCED BY HORNAMAN, GEORGE, DePASQUALE, GERBER, McCALL,  
CALTAGIRONE, CONKLIN, DeWEESE, EACHUS, GIBBONS, HARHAI,  
HARKINS, JAMES, JOSEPHS, KORTZ, MAHONEY, MANDERINO, McGEEHAN,  
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K. SMITH, GOODMAN, BENNINGTON, M. SMITH, PETRONE, LENTZ,  
GRUCELA, FABRIZIO, WALKO AND GEIST, MAY 24, 2007

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SENATOR M. WHITE, ENVIRONMENTAL RESOURCES AND ENERGY, IN SENATE,  
RE-REPORTED AS AMENDED, JULY 14, 2007

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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 definitions, for alternative energy~~ <—  
9 ~~portfolio standards, for portfolio requirements in other~~  
10 ~~states and for interconnection standards for customer-~~  
11 ~~generator facilities.~~ FURTHER PROVIDING FOR THE DEFINITIONS <—  
12 OF "ALTERNATIVE ENERGY SOURCES," "CREDIT," "CUSTOMER- <—  
13 GENERATOR," "FORCE MAJEURE," ~~AND~~ "NET METERING," AND "TIER I <—  
14 ALTERNATIVE ENERGY SOURCE," FOR ALTERNATIVE ENERGY PORTFOLIO  
15 STANDARDS, FOR PORTFOLIO REQUIREMENTS IN OTHER STATES AND FOR  
16 INTERCONNECTION STANDARDS FOR CUSTOMER-GENERATOR FACILITIES.

17 The General Assembly of the Commonwealth of Pennsylvania  
18 hereby enacts as follows:

19 ~~Section 1. The definitions of "alternative energy credit,"~~ <—  
20 ~~"customer generator," "force majeure" and "Tier I alternative~~  
21 ~~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), (c) 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:] The total percentage~~  
26 ~~of the electric energy sold by an electric distribution~~  
27 ~~company or an electric generation supplier to retail electric~~  
28 ~~customers in this Commonwealth that must be sold from solar~~  
29 ~~photovoltaic technologies is:~~

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

1 ~~(ii) Years 5 through 9 — 0.0203%.~~

2 ~~(iii) Years 10 through 14 — 0.2500%.~~

3 ~~(iv) Years 15 and thereafter — 0.5000%.]~~

4 ~~(i) 0.0013% for June 1, 2006, through May 31, 2007.~~

5 ~~(ii) 0.0030% for June 1, 2007, through May 31, 2008.~~

6 ~~(iii) 0.0063% for June 1, 2008, through May 31,~~

7 ~~2009.~~

8 ~~(iv) 0.0120% for June 1, 2009, through May 31, 2010.~~

9 ~~(v) 0.0203% for June 1, 2010, through May 31, 2011.~~

10 ~~(vi) 0.0325% for June 1, 2011, through May 31, 2012.~~

11 ~~(vii) 0.0510% for June 1, 2012, through May 31,~~

12 ~~2013.~~

13 ~~(viii) 0.0840% for June 1, 2013, through May 31,~~

14 ~~2014.~~

15 ~~(ix) 0.1440% for June 1, 2014, through May 31, 2015.~~

16 ~~(x) 0.2500% for June 1, 2015, through May 31, 2016.~~

17 ~~(xi) 0.2933% for June 1, 2016, through May 31, 2017.~~

18 ~~(xii) 0.3400% for June 1, 2017, through May 31,~~

19 ~~2018.~~

20 ~~(xiii) 0.3900% for June 1, 2018, through May 31,~~

21 ~~2019.~~

22 ~~(xiv) 0.4433% for June 1, 2019, and thereafter.~~

23 ~~(xiv) 0.4433% for June 1, 2019, through May 31,~~

24 ~~2020.~~

25 ~~(xv) 0.5000% for June 1, 2020, and thereafter.~~

26 ~~The percentages in this paragraph shall apply to all~~

27 ~~retail 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 ~~(c) Alternative energy credits.—~~

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

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

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

27 ~~(ii) To submit reports to the commission at such~~  
28 ~~times and in such manner as the commission shall direct.~~

29 ~~(3) All qualifying alternative energy systems must~~  
30 ~~include a qualifying meter to record the cumulative electric~~

1 ~~production to verify the advanced energy credit value.~~  
2 ~~Qualifying meters will be approved by the commission as~~  
3 ~~defined in paragraph (4).~~

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

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

16 ~~(5) The alternative energy credits program shall include~~  
17 ~~provisions requiring a reporting period as defined in section~~  
18 ~~2 for all covered entities under this act. The alternative~~  
19 ~~energy credits program shall also include a true up period as~~  
20 ~~defined in section 2. The true up period shall provide~~  
21 ~~entities covered under this act the ability to obtain the~~  
22 ~~required number of alternative energy credits or to make up~~  
23 ~~any shortfall of the alternative energy credits they may be~~  
24 ~~required to obtain to comply with this act. A force majeure~~  
25 ~~provision shall also be provided for under the true up period~~  
26 ~~provisions.~~

27 ~~(6) An electric distribution company and electric~~  
28 ~~generation supplier may bank or place in reserve alternative~~  
29 ~~energy credits produced in one reporting year for compliance~~  
30 ~~in either or both of the two subsequent reporting years,~~



1 ~~subject to the limitations set forth in this subsection and~~  
2 ~~provided that the electric distribution company and electric~~  
3 ~~generation supplier are in compliance for all previous~~  
4 ~~reporting years. In addition, the electric distribution~~  
5 ~~company and electric generation supplier shall demonstrate to~~  
6 ~~the satisfaction of the commission that such credits:~~

7 ~~(i) were in excess of the alternative energy credits~~  
8 ~~needed for compliance in the year in which they were~~  
9 ~~generated and that such excess credits have not~~  
10 ~~previously been used for compliance under this act;~~

11 ~~(ii) were produced by the generation of electrical~~  
12 ~~energy by alternative energy sources and sold to retail~~  
13 ~~customers during the year in which they were generated;~~  
14 ~~and~~

15 ~~(iii) have not otherwise been nor will be sold,~~  
16 ~~retired, claimed or represented as part of satisfying~~  
17 ~~compliance with alternative or renewable energy portfolio~~  
18 ~~standards in other states.~~

19 ~~(7) An electric distribution company or an electric~~  
20 ~~generation supplier with sales that are exempted under~~  
21 ~~subsection (d) may bank credits for retail sales of~~  
22 ~~electricity generated from Tier I and Tier II sources made~~  
23 ~~prior to the end of the cost recovery period and after the~~  
24 ~~effective date of this act. Bankable credits shall be limited~~  
25 ~~to credits associated with electricity sold from Tier I and~~  
26 ~~Tier II sources during a reporting year which exceeds the~~  
27 ~~volume of sales from such sources by an electric distribution~~  
28 ~~company or electric generation supplier during the 12 month~~  
29 ~~period immediately preceding the effective date of this act.~~  
30 ~~All credits banked under this subsection shall be available~~

1 ~~for compliance with subsections (b) and (c) for no more than~~  
2 ~~two reporting years following the conclusion of the cost~~  
3 ~~recovery period.~~

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

15 ~~(9) The commission may impose an administrative fee on~~  
16 ~~an alternative energy credit transaction. The amount of this~~  
17 ~~fee may not exceed the actual direct cost of processing the~~  
18 ~~transaction by the alternative energy credits administrator.~~  
19 ~~The commission is authorized to utilize up to 5% of the~~  
20 ~~alternative compliance fees generated under subsection (f)~~  
21 ~~for administrative expenses directly associated with this~~  
22 ~~act.~~

23 ~~(10) The commission shall establish regulations~~  
24 ~~governing the verification and tracking of energy efficiency~~  
25 ~~and demand side management measures pursuant to this act,~~  
26 ~~which shall include benefits to all utility customer classes.~~  
27 ~~When developing regulations, the commission must give~~  
28 ~~reasonable consideration to existing and proposed regulations~~  
29 ~~and rules in existence in the regional transmission~~  
30 ~~organizations that manage the transmission system in any part~~

1 of this Commonwealth. All verified reductions shall accrue  
2 credits starting with the passage of this act.

3 ~~(11) The commission shall within 120 days of the~~  
4 ~~effective date of this act develop a depreciation schedule~~  
5 ~~for alternative energy credits created through demand side~~  
6 ~~management, energy efficiency and load management~~  
7 ~~technologies and shall develop standards for tracking and~~  
8 ~~verifying savings from energy efficiency, load management and~~  
9 ~~demand side management measures. The commission shall allow~~  
10 ~~for a 60 day public comment period and shall issue final~~  
11 ~~standards within 30 days of the close of the public comment~~  
12 ~~period.~~

13 ~~(12) (i) Unless a contractual provision explicitly~~  
14 ~~assigns alternative energy credits in a different manner,~~  
15 ~~the owner of the alternative energy system or a customer~~  
16 ~~generator owns any and all alternative energy credits~~  
17 ~~associated with or created by the production of electric~~  
18 ~~energy by such facility or customer, and the owner or~~  
19 ~~customer shall be entitled to sell, transfer or take any~~  
20 ~~other action to which a legal owner of property is~~  
21 ~~entitled to take with respect to the credits.~~

22 ~~(ii) This paragraph shall apply to all alternative~~  
23 ~~energy credits which were created pursuant to this act~~  
24 ~~prior to the effective date of this paragraph and which~~  
25 ~~will be created after the effective date of this~~  
26 ~~paragraph, regardless of when any underlying contract for~~  
27 ~~the purchase of electric energy or other products from~~  
28 ~~the generator that qualifies as an alternative energy~~  
29 ~~system was executed.~~

30 ~~(f) Alternative compliance payment.~~

1           ~~(1) At the end of each program year, the program~~  
2           ~~administrator shall provide a report to the commission and to~~  
3           ~~each covered electric distribution company showing their~~  
4           ~~status level of alternative energy acquisition.~~

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

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

17          ~~(4) The alternative compliance payment for the solar~~  
18          ~~photovoltaic share shall be 200% of the average market value~~  
19          ~~of solar renewable energy credits sold during the reporting~~  
20          ~~period within the service region of the regional transmission~~  
21          ~~organization, including, where applicable, the levelized up-~~  
22          ~~front rebates received by sellers of solar renewable energy~~  
23          ~~credits in other jurisdictions in the PJM Interconnection,~~  
24          ~~L.L.C. transmission organization (PJM) or its successor.~~

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

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

6 \* \* \*

7 Section 4. ~~Portfolio requirements in other states.~~

8 ~~If an electric distribution supplier or electric generation  
9 company provider sells electricity in any other state and is  
10 subject to renewable energy portfolio requirements in that  
11 state, they shall list any such requirement and shall indicate  
12 how it satisfied those renewable energy portfolio requirements.~~

13 ~~To prevent double counting, the electric distribution supplier  
14 or electric generation company shall not satisfy Pennsylvania's  
15 alternative energy portfolio requirements using alternative  
16 energy used to satisfy another state's portfolio requirements[.~~

17 ~~Energy derived only from alternative energy sources inside the  
18 geographical boundaries of this Commonwealth or within the  
19 service territory of any regional transmission organization that  
20 manages the transmission system in any part of this Commonwealth  
21 shall be eligible to meet the compliance requirements under this  
22 act.] or alternative energy credits already purchased by~~

23 individuals, businesses, or government bodies that do not have a  
24 compliance obligation under this act unless the individual,  
25 business or government body sells those credits to the electric  
26 distribution company or electric generation supplier. Energy  
27 derived from alternative energy sources inside the geographical  
28 boundaries of this Commonwealth shall be eligible to meet the  
29 compliance requirements under this act. Energy derived from  
30 alternative energy sources located outside the geographical

~~boundaries of this Commonwealth but within the service territory of a regional transmission organization that manages the transmission system in any part of this Commonwealth shall only be eligible to meet the compliance requirements of electric distribution companies or electric generation suppliers located within the service territory of the same regional transmission organization. For purposes of compliance with this act, alternative energy sources located in the PJM Interconnection, L.L.C. regional transmission organization (PJM) or its successor service territory shall be eligible to fulfill compliance obligations of all Pennsylvania electric distribution companies and electric generation suppliers. Energy derived from alternative energy sources located outside the service territory of a regional transmission organization that manages the transmission system in any part of this Commonwealth shall not be eligible to meet the compliance requirements of this act. Electric distribution companies and electric generation suppliers shall document that this energy was not used to satisfy another state's renewable energy portfolio standards.~~

~~Section 5. Interconnection standards for customer generator facilities.~~

~~Excess generation from net metered customer generators shall receive full retail value for all energy produced on an annual basis. The commission shall develop technical and net metering interconnection rules for customer generators intending to operate renewable onsite generators in parallel with the electric utility grid, consistent with rules defined in other states within the service region of the regional transmission organization that manages the transmission system in any part of this Commonwealth. The commission shall convene a stakeholder~~

1 ~~process to develop Statewide technical and net metering rules~~  
2 ~~for customer generators. The commission shall develop these~~  
3 ~~rules within nine months of the effective date of this act.~~

4 ~~Section 3. The addition of section 3(e)(12) of the act shall~~  
5 ~~apply to all alternative energy credits created under the act~~  
6 ~~before, on or after the effective date of this section,~~  
7 ~~regardless of when any underlying contract for the purchase of~~  
8 ~~electric energy or other products from the generator that~~  
9 ~~qualifies as an alternative energy system was executed.~~

10 ~~Section 4. This act shall take effect immediately.~~

11 ~~SECTION 1. THE DEFINITIONS OF "ALTERNATIVE ENERGY SOURCES,"~~ <—  
12 ~~"CUSTOMER GENERATOR," "FORCE MAJEURE" AND "NET METERING" IN~~  
13 ~~SECTION 2 OF THE ACT OF NOVEMBER 30, 2004 (P.L.1672, NO.213),~~  
14 ~~KNOWN AS THE ALTERNATIVE ENERGY PORTFOLIO STANDARDS ACT, ARE~~  
15 ~~AMENDED TO READ:~~

16 SECTION 1. THE DEFINITIONS OF "ALTERNATIVE ENERGY CREDIT," <—  
17 "CUSTOMER-GENERATOR," "FORCE MAJEURE," "NET METERING" AND "TIER  
18 I ALTERNATIVE ENERGY SOURCE" IN SECTION 2 OF THE ACT OF NOVEMBER  
19 30, 2004 (P.L.1672, NO.213), KNOWN AS THE ALTERNATIVE ENERGY  
20 PORTFOLIO STANDARDS ACT, ARE AMENDED TO READ:

21 SECTION 2. DEFINITIONS.

22 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS ACT SHALL  
23 HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE  
24 CONTEXT CLEARLY INDICATES OTHERWISE:

25 "ALTERNATIVE ENERGY CREDIT." A TRADABLE INSTRUMENT THAT IS <—  
26 USED TO ESTABLISH, VERIFY AND MONITOR COMPLIANCE WITH THIS ACT.  
27 A UNIT OF CREDIT SHALL EQUAL ONE MEGAWATT HOUR OF ELECTRICITY  
28 FROM AN ALTERNATIVE ENERGY SOURCE. THE ALTERNATIVE ENERGY CREDIT  
29 SHALL REMAIN THE PROPERTY OF THE ALTERNATIVE ENERGY SYSTEM UNTIL  
30 THE ALTERNATIVE ENERGY CREDIT IS VOLUNTARILY TRANSFERRED BY THE

1 ALTERNATIVE ENERGY SYSTEM.

2 \* \* \*

3 ~~"ALTERNATIVE ENERGY SOURCES." THE TERM SHALL INCLUDE THE~~ <—  
4 ~~FOLLOWING EXISTING AND NEW SOURCES FOR THE PRODUCTION OF~~  
5 ~~ELECTRICITY:~~

6 ~~(1) SOLAR PHOTOVOLTAIC OR OTHER SOLAR ELECTRIC ENERGY.~~

7 ~~(2) SOLAR THERMAL ENERGY.~~

8 ~~(3) WIND POWER.~~

9 ~~(4) LARGE SCALE HYDROPOWER, WHICH SHALL MEAN THE~~  
10 ~~PRODUCTION OF ELECTRIC POWER BY HARNESSING THE HYDROELECTRIC~~  
11 ~~POTENTIAL OF MOVING WATER IMPOUNDMENTS, INCLUDING PUMPED~~  
12 ~~STORAGE THAT DOES NOT MEET THE REQUIREMENTS OF LOW IMPACT~~  
13 ~~HYDROPOWER UNDER PARAGRAPH (5).~~

14 ~~(5) LOW IMPACT HYDROPOWER CONSISTING OF ANY TECHNOLOGY~~  
15 ~~THAT PRODUCES ELECTRIC POWER AND THAT HARNESSES THE~~  
16 ~~HYDROELECTRIC POTENTIAL OF MOVING WATER IMPOUNDMENTS,~~  
17 ~~PROVIDED THE HYDROPOWER SOURCE HAS A NAMEPLATE CAPACITY OF 21~~  
18 ~~MEGAWATTS OR LESS AND A LICENSE ISSUED BY THE FEDERAL ENERGY~~  
19 ~~REGULATORY COMMISSION FOR THE HYDROPOWER SOURCE WAS HELD IN~~  
20 ~~WHOLE OR IN PART BY A MUNICIPALITY OR ELECTRIC COOPERATIVE ON~~  
21 ~~JULY 1, 2007, OR SUCH INCREMENTAL HYDROELECTRIC DEVELOPMENT:~~

22 ~~(I) DOES NOT ADVERSELY CHANGE EXISTING IMPACTS TO~~  
23 ~~AQUATIC SYSTEMS;~~

24 ~~(II) MEETS THE CERTIFICATION STANDARDS ESTABLISHED~~  
25 ~~BY THE LOW IMPACT HYDROPOWER INSTITUTE AND AMERICAN~~  
26 ~~RIVERS, INC., OR THEIR SUCCESSORS;~~

27 ~~(III) PROVIDES AN ADEQUATE WATER FLOW FOR PROTECTION~~  
28 ~~OF AQUATIC LIFE AND FOR SAFE AND EFFECTIVE FISH PASSAGE;~~

29 ~~(IV) PROTECTS AGAINST EROSION; AND~~

30 ~~(V) PROTECTS CULTURAL AND HISTORIC RESOURCES.~~



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

5           ~~(7) BIOMASS ENERGY, WHICH SHALL MEAN THE GENERATION OF~~  
6           ~~ELECTRICITY UTILIZING THE FOLLOWING:~~

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

15          ~~(II) ANY SOLID NONHAZARDOUS, CELLULOSIC WASTE~~  
16          ~~MATERIAL THAT IS SEGREGATED FROM OTHER WASTE MATERIALS,~~  
17          ~~SUCH AS WASTE PALLETS, CRATES AND LANDSCAPE OR RIGHT OF~~  
18          ~~WAY TREE TRIMMINGS OR AGRICULTURAL SOURCES, INCLUDING~~  
19          ~~ORCHARD TREE CROPS, VINEYARDS, GRAIN, LEGUMES, SUGAR AND~~  
20          ~~OTHER CROP BY PRODUCTS OR RESIDUES.~~

21          ~~(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          ~~(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          ~~(10) WASTE COAL, WHICH SHALL INCLUDE THE COMBUSTION OF~~  
30          ~~WASTE COAL IN FACILITIES IN WHICH THE WASTE COAL WAS DISPOSED~~

1 ~~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 ~~(11) COAL MINE METHANE, WHICH SHALL MEAN METHANE GAS~~  
13 ~~EMITTING FROM ABANDONED OR WORKING COAL MINES.~~

14 ~~(12) DEMAND SIDE MANAGEMENT CONSISTING OF THE MANAGEMENT~~  
15 ~~OF CUSTOMER CONSUMPTION OF ELECTRICITY OR THE DEMAND FOR~~  
16 ~~ELECTRICITY THROUGH THE IMPLEMENTATION OF:~~

17 ~~(I) ENERGY EFFICIENCY TECHNOLOGIES, MANAGEMENT~~  
18 ~~PRACTICES OR OTHER STRATEGIES IN RESIDENTIAL, COMMERCIAL,~~  
19 ~~INSTITUTIONAL OR GOVERNMENT CUSTOMERS THAT REDUCE~~  
20 ~~ELECTRICITY CONSUMPTION BY THOSE CUSTOMERS;~~

21 ~~(II) LOAD MANAGEMENT OR DEMAND RESPONSE~~  
22 ~~TECHNOLOGIES, MANAGEMENT PRACTICES OR OTHER STRATEGIES IN~~  
23 ~~RESIDENTIAL, COMMERCIAL, INDUSTRIAL, INSTITUTIONAL AND~~  
24 ~~GOVERNMENT CUSTOMERS THAT SHIFT ELECTRIC LOAD FROM~~  
25 ~~PERIODS OF HIGHER DEMAND TO PERIODS OF LOWER DEMAND; OR~~

26 ~~(III) INDUSTRIAL BY PRODUCT TECHNOLOGIES CONSISTING~~  
27 ~~OF THE USE OF A BY PRODUCT FROM AN INDUSTRIAL PROCESS,~~  
28 ~~INCLUDING THE REUSE OF ENERGY FROM EXHAUST GASES OR OTHER~~  
29 ~~MANUFACTURING BY PRODUCTS THAT ARE USED IN THE DIRECT~~  
30 ~~PRODUCTION OF ELECTRICITY AT THE FACILITY OF A CUSTOMER.~~

1           ~~(13) DISTRIBUTED GENERATION SYSTEM, WHICH SHALL MEAN THE~~  
2           ~~SMALL SCALE POWER GENERATION OF ELECTRICITY AND USEFUL~~  
3           ~~THERMAL ENERGY.~~

4           \* \* \*

5           "CUSTOMER-GENERATOR." A NONUTILITY OWNER OR OPERATOR OF A  
6 NET METERED DISTRIBUTED GENERATION SYSTEM WITH A NAMEPLATE  
7 CAPACITY OF NOT GREATER THAN 50 KILOWATTS IF INSTALLED AT A  
8 RESIDENTIAL SERVICE OR NOT LARGER THAN [1,000] 3,000 KILOWATTS  
9 AT OTHER CUSTOMER SERVICE LOCATIONS, EXCEPT FOR CUSTOMERS WHOSE  
10 SYSTEMS ARE ABOVE [ONE MEGAWATT] THREE MEGAWATTS AND UP TO [TWO]  
11 FIVE MEGAWATTS WHO MAKE THEIR SYSTEMS AVAILABLE TO OPERATE IN  
12 PARALLEL WITH THE ELECTRIC UTILITY DURING GRID EMERGENCIES AS  
13 DEFINED BY THE REGIONAL TRANSMISSION ORGANIZATION OR ~~WHERE A~~ ←  
14 ~~MICROGRID IS IN PLACE] WHO MAKE THEIR SYSTEMS AVAILABLE~~ ←  
15 PRIMARY OR SECONDARY PURPOSE OF MAINTAINING CRITICAL  
16 INFRASTRUCTURE, SUCH AS HOMELAND SECURITY ASSIGNMENTS, EMERGENCY  
17 SERVICES FACILITIES, HOSPITALS, TRAFFIC SIGNALS, WASTEWATER  
18 TREATMENT PLANTS OR TELECOMMUNICATIONS FACILITIES, PROVIDED THAT  
19 TECHNICAL RULES FOR OPERATING GENERATORS INTERCONNECTED WITH  
20 FACILITIES OF AN ELECTRIC DISTRIBUTION COMPANY, ELECTRIC  
21 COOPERATIVE OR MUNICIPAL ELECTRIC SYSTEM HAVE BEEN PROMULGATED  
22 BY THE INSTITUTE OF ELECTRICAL AND ELECTRONIC ENGINEERS AND THE  
23 PENNSYLVANIA PUBLIC UTILITY COMMISSION. A NET METERED ←  
24 DISTRIBUTED GENERATION SYSTEM CAPABLE OF PROVIDING MORE THAN ONE  
25 MEGAWATT THROUGH ITS INTERCONNECTION SHALL COMPLY WITH ALL  
26 TECHNICAL RULES NECESSARY TO ENSURE THAT SIGNIFICANT  
27 FLUCTUATIONS IN THE ELECTRICAL SUPPLY TO THE ELECTRIC  
28 DISTRIBUTION COMPANY, ELECTRIC COOPERATIVE OR MUNICIPAL ELECTRIC  
29 SYSTEM WILL NOT INTERFERE WITH ITS OPERATIONS.

30           \* \* \*

1 "FORCE MAJEURE." UPON ITS OWN INITIATIVE OR UPON A REQUEST  
2 OF AN ELECTRIC DISTRIBUTION COMPANY OR AN ELECTRIC GENERATOR  
3 SUPPLIER, THE PENNSYLVANIA PUBLIC UTILITY COMMISSION, WITHIN 60  
4 DAYS, SHALL DETERMINE IF ALTERNATIVE ENERGY RESOURCES ARE  
5 REASONABLY AVAILABLE IN THE MARKETPLACE IN SUFFICIENT QUANTITIES  
6 FOR THE ELECTRIC DISTRIBUTION COMPANIES AND ELECTRIC GENERATION  
7 SUPPLIERS TO MEET THEIR OBLIGATIONS FOR THAT REPORTING PERIOD  
8 UNDER THIS ACT. IN MAKING THIS DETERMINATION THE COMMISSION  
9 SHALL CONSIDER WHETHER ELECTRIC DISTRIBUTION COMPANIES OR  
10 ELECTRIC GENERATION SUPPLIERS HAVE MADE A GOOD FAITH EFFORT TO  
11 ACQUIRE SUFFICIENT ALTERNATIVE ENERGY TO COMPLY WITH THEIR  
12 OBLIGATIONS. SUCH GOOD FAITH EFFORTS SHALL INCLUDE, BUT ARE NOT  
13 LIMITED TO, BANKING ALTERNATIVE ENERGY CREDITS DURING THEIR  
14 TRANSITION PERIODS, SEEKING ALTERNATIVE ENERGY CREDITS THROUGH  
15 COMPETITIVE SOLICITATIONS AND SEEKING TO PROCURE ALTERNATIVE  
16 ENERGY CREDITS OR ALTERNATIVE ENERGY THROUGH LONG-TERM  
17 CONTRACTS. IN FURTHER MAKING ITS DETERMINATION THE COMMISSION  
18 SHALL ASSESS THE AVAILABILITY OF ALTERNATIVE ENERGY CREDITS IN  
19 THE GENERATION ATTRIBUTES TRACKING SYSTEM (GATS) OR ITS  
20 SUCCESSOR, AND THE AVAILABILITY OF ALTERNATIVE ENERGY CREDITS  
21 GENERALLY IN PENNSYLVANIA AND OTHER JURISDICTIONS IN THE PJM  
22 INTERCONNECTION, L.L.C. REGIONAL TRANSMISSION ORGANIZATION (PJM)  
23 OR ITS SUCCESSOR. THE COMMISSION MAY ALSO REQUIRE SOLICITATIONS  
24 FOR ALTERNATIVE ENERGY CREDITS AS PART OF DEFAULT SERVICE BEFORE  
25 REQUESTS OF FORCE MAJEURE CAN BE MADE. IF THE COMMISSION FURTHER  
26 DETERMINES THAT ALTERNATIVE ENERGY RESOURCES ARE NOT REASONABLY  
27 AVAILABLE IN SUFFICIENT QUANTITIES IN THE MARKETPLACE FOR THE  
28 ELECTRIC DISTRIBUTION COMPANIES AND ELECTRIC GENERATION  
29 SUPPLIERS TO MEET THEIR OBLIGATIONS UNDER THIS ACT, THEN THE  
30 COMMISSION SHALL MODIFY THE UNDERLYING OBLIGATION OF THE

1 ELECTRIC DISTRIBUTION COMPANY OR ELECTRIC GENERATION SUPPLIER OR  
2 RECOMMEND TO THE GENERAL ASSEMBLY THAT THE UNDERLYING OBLIGATION  
3 BE ELIMINATED. COMMISSION MODIFICATION OF THE ELECTRIC ←  
4 DISTRIBUTION COMPANY OR ELECTRIC GENERATION SUPPLIER OBLIGATIONS  
5 UNDER THIS ACT SHALL BE FOR THAT COMPLIANCE PERIOD ONLY.  
6 COMMISSION MODIFICATION SHALL NOT AUTOMATICALLY REDUCE THE  
7 OBLIGATION FOR SUBSEQUENT COMPLIANCE YEARS. IF THE COMMISSION  
8 MODIFIES THE ELECTRIC DISTRIBUTION COMPANY OR ELECTRIC  
9 GENERATION SUPPLIER OBLIGATIONS UNDER THIS ACT, THE COMMISSION  
10 MAY REQUIRE THE ELECTRIC DISTRIBUTION COMPANY OR ELECTRIC  
11 GENERATION SUPPLIER TO ACQUIRE ADDITIONAL ALTERNATIVE ENERGY  
12 CREDITS IN SUBSEQUENT YEARS EQUIVALENT TO THE OBLIGATION REDUCED  
13 DUE TO A FORCE MAJEURE DECLARATION IF THE COMMISSION DETERMINES  
14 THAT SUFFICIENT ALTERNATIVE ENERGY CREDITS EXIST IN THE  
15 MARKETPLACE.

16 \* \* \*

17 "NET METERING." THE MEANS OF MEASURING THE DIFFERENCE  
18 BETWEEN THE ELECTRICITY SUPPLIED BY AN ELECTRIC UTILITY AND THE  
19 ELECTRICITY GENERATED BY A CUSTOMER-GENERATOR [WHEN THE  
20 RENEWABLE ENERGY GENERATING SYSTEM IS INTENDED PRIMARILY], WHEN  
21 ANY PORTION OF THE ELECTRICITY GENERATED BY THE ALTERNATIVE  
22 ENERGY GENERATING SYSTEM IS USED TO OFFSET PART OR ALL OF THE  
23 CUSTOMER-GENERATOR'S REQUIREMENTS FOR ELECTRICITY. VIRTUAL METER  
24 AGGREGATION ON PROPERTIES OWNED OR LEASED AND OPERATED BY A  
25 CUSTOMER-GENERATOR AND LOCATED WITHIN TWO MILES OF THE  
26 BOUNDARIES OF THE CUSTOMER-GENERATOR'S PROPERTY AND WITHIN A  
27 SINGLE ELECTRIC DISTRIBUTION COMPANY'S SERVICE TERRITORY SHALL  
28 BE ELIGIBLE FOR NET METERING. AT THE END OF EACH MONTHLY BILLING ←  
29 PERIOD, THE ELECTRIC DISTRIBUTION COMPANY SHALL COMPENSATE THE  
30 CUSTOMER-GENERATOR FOR KILOWATT HOURS GENERATED BY THE CUSTOMER-

~~1 GENERATOR OVER THE AMOUNT OF KILOWATT HOURS DELIVERED BY THE  
2 ELECTRIC DISTRIBUTION COMPANY DURING THE BILLING PERIOD AT THE  
3 ELECTRIC DISTRIBUTION COMPANY'S AVOIDED COST OF WHOLESALE POWER.  
4 NO CONTRACT SHALL ABROGATE THE CUSTOMER GENERATOR'S RIGHT TO  
5 RECEIVE THESE PAYMENTS. NO CUSTOMER GENERATOR SHALL OPERATE MORE  
6 THAN ONE ALTERNATIVE ENERGY PROJECT THAT IS ENGAGED IN VIRTUAL  
7 METER AGGREGATION WITHIN EACH OF THE ELECTRIC DISTRIBUTION  
8 COMPANY'S SERVICE TERRITORIES.~~

9 \* \* \*

10 "TIER I ALTERNATIVE ENERGY SOURCE." ENERGY DERIVED FROM: <—

11 (1) SOLAR PHOTOVOLTAIC AND SOLAR THERMAL ENERGY.

12 (2) WIND POWER.

13 (3) LOW-IMPACT HYDROPOWER.

14 (4) GEOTHERMAL ENERGY.

15 (5) BIOLOGICALLY DERIVED METHANE GAS.

16 (6) FUEL CELLS.

17 (7) BIOMASS ENERGY.

18 (8) COAL MINE METHANE.

19 \* \* \*

20 SECTION 2. SECTION 3(B) AND (F) OF THE ACT ARE AMENDED AND  
21 SUBSECTION (E) IS AMENDED BY ADDING A PARAGRAPH TO READ:

22 SECTION 3. ALTERNATIVE ENERGY PORTFOLIO STANDARDS.

23 \* \* \*

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

25 (1) TWO YEARS AFTER THE EFFECTIVE DATE OF THIS ACT, AT  
26 LEAST 1.5% OF THE ELECTRIC ENERGY SOLD BY AN ELECTRIC  
27 DISTRIBUTION COMPANY OR ELECTRIC GENERATION SUPPLIER TO  
28 RETAIL ELECTRIC CUSTOMERS IN THIS COMMONWEALTH SHALL BE  
29 GENERATED FROM TIER I ALTERNATIVE ENERGY SOURCES. EXCEPT AS  
30 PROVIDED IN THIS SECTION, THE MINIMUM PERCENTAGE OF ELECTRIC

1 ENERGY REQUIRED TO BE SOLD TO RETAIL ELECTRIC CUSTOMERS FROM  
2 ALTERNATIVE ENERGY SOURCES SHALL INCREASE TO 2% THREE YEARS  
3 AFTER THE EFFECTIVE DATE OF THIS ACT. THE MINIMUM PERCENTAGE  
4 OF ELECTRIC ENERGY REQUIRED TO BE SOLD TO RETAIL ELECTRIC  
5 CUSTOMERS FROM ALTERNATIVE ENERGY SOURCES SHALL INCREASE BY  
6 AT LEAST 0.5% EACH YEAR SO THAT AT LEAST 8% OF THE ELECTRIC  
7 ENERGY SOLD BY AN ELECTRIC DISTRIBUTION COMPANY OR ELECTRIC  
8 GENERATION SUPPLIER TO RETAIL ELECTRIC CUSTOMERS IN THAT  
9 CERTIFICATED TERRITORY IN THE 15TH YEAR AFTER THE EFFECTIVE  
10 DATE OF THIS SUBSECTION IS SOLD FROM TIER I ALTERNATIVE  
11 ENERGY RESOURCES.

12 (2) [OF THE ELECTRIC ENERGY REQUIRED TO BE SOLD FROM  
13 TIER I SOURCES, THE TOTAL PERCENTAGE THAT MUST BE SOLD FROM  
14 SOLAR PHOTOVOLTAIC TECHNOLOGIES IS FOR:] THE TOTAL PERCENTAGE  
15 OF THE ELECTRIC ENERGY SOLD BY AN ELECTRIC DISTRIBUTION  
16 COMPANY OR ELECTRIC GENERATION SUPPLIER TO RETAIL ELECTRIC  
17 CUSTOMERS IN THIS COMMONWEALTH THAT MUST BE SOLD FROM SOLAR  
18 PHOTOVOLTAIC TECHNOLOGIES IS:

19 [(I) YEARS 1 THROUGH 4 - 0.0013%.

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

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

22 (IV) YEARS 15 AND THEREAFTER - 0.5000%.]

23 (I) 0.0013% FOR JUNE 1, 2006, THROUGH MAY 31, 2007.

24 (II) 0.0030% FOR JUNE 1, 2007, THROUGH MAY 31, 2008.

25 (III) 0.0063% FOR JUNE 1, 2008, THROUGH MAY 31,

26 2009.

27 (IV) 0.0120% FOR JUNE 1, 2009, THROUGH MAY 31, 2010.

28 (V) 0.0203% FOR JUNE 1, 2010, THROUGH MAY 31, 2011.

29 (VI) 0.0325% FOR JUNE 1, 2011, THROUGH MAY 31, 2012.

30 (VII) 0.0510% FOR JUNE 1, 2012, THROUGH MAY 31,

1           2013.  
2           (VIII) 0.0840% FOR JUNE 1, 2013, THROUGH MAY 31,  
3           2014.  
4           (IX) 0.1440% FOR JUNE 1, 2014, THROUGH MAY 31, 2015.  
5           (X) 0.2500% FOR JUNE 1, 2015, THROUGH MAY 31, 2016.  
6           (XI) 0.2933% FOR JUNE 1, 2016, THROUGH MAY 31, 2017.  
7           (XII) 0.3400% FOR JUNE 1, 2017, THROUGH MAY 31,  
8           2018.  
9           (XIII) 0.3900% FOR JUNE 1, 2018, THROUGH MAY 31,  
10          2019.  
11          (XIV) 0.4433% FOR JUNE 1, 2019, THROUGH MAY 31,  
12          2020.  
13          (XV) 0.5000% FOR JUNE 1, 2020, AND THEREAFTER.

14           (3) UPON COMMENCEMENT OF THE BEGINNING OF THE 6TH  
15 REPORTING YEAR, THE COMMISSION SHALL UNDERTAKE A REVIEW OF  
16 THE COMPLIANCE BY ELECTRIC DISTRIBUTION COMPANIES AND  
17 ELECTRIC GENERATION SUPPLIERS WITH THE REQUIREMENTS OF THIS  
18 ACT. THE REVIEW SHALL ALSO INCLUDE THE STATUS OF ALTERNATIVE  
19 ENERGY TECHNOLOGIES WITHIN THIS COMMONWEALTH AND THE CAPACITY  
20 TO ADD ADDITIONAL ALTERNATIVE ENERGY RESOURCES. THE  
21 COMMISSION SHALL USE THE RESULTS OF THIS REVIEW TO RECOMMEND  
22 TO THE GENERAL ASSEMBLY ADDITIONAL COMPLIANCE GOALS BEYOND  
23 YEAR 15. THE COMMISSION SHALL WORK WITH THE DEPARTMENT IN  
24 EVALUATING THE FUTURE ALTERNATIVE ENERGY RESOURCE POTENTIAL.

25           \* \* \*

26           (E) ALTERNATIVE ENERGY CREDITS.--

27           \* \* \*

28           (12) ~~(I)~~ UNLESS A CONTRACTUAL PROVISION EXPLICITLY           <—  
29 ASSIGNS ALTERNATIVE ENERGY CREDITS IN A DIFFERENT MANNER, THE  
30 OWNER OF THE ALTERNATIVE ENERGY SYSTEM OR A CUSTOMER-



1 GENERATOR OWNS ANY AND ALL ALTERNATIVE ENERGY CREDITS  
2 ASSOCIATED WITH OR CREATED BY THE PRODUCTION OF ELECTRIC  
3 ENERGY BY SUCH FACILITY OR CUSTOMER, AND THE OWNER OR  
4 CUSTOMER SHALL BE ENTITLED TO SELL, TRANSFER OR TAKE ANY  
5 OTHER ACTION TO WHICH A LEGAL OWNER OF PROPERTY IS ENTITLED  
6 TO TAKE WITH RESPECT TO THE CREDITS.

7 ~~(II) THIS PARAGRAPH SHALL APPLY TO ALL ALTERNATIVE~~ <—  
8 ~~ENERGY CREDITS CREATED PURSUANT TO THIS ACT EXCEPT THOSE~~  
9 ~~CREATED UNDER CONTRACTS WHICH WERE EXECUTED PRIOR TO THE~~  
10 ~~EFFECTIVE DATE OF THIS PARAGRAPH BETWEEN AN ELECTRIC~~  
11 ~~DISTRIBUTION COMPANY AND A COGENERATION FACILITY OR A~~  
12 ~~SMALL POWER PRODUCTION FACILITY AS THOSE TERMS ARE~~  
13 ~~DEFINED UNDER THE FEDERAL PUBLIC UTILITY REGULATORY~~  
14 ~~POLICIES ACT OF 1978 (16 U.S.C. § 824A 3).~~

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 \$45  
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 200% OF THE AVERAGE MARKET VALUE  
4 OF SOLAR RENEWABLE ENERGY CREDITS SOLD DURING THE REPORTING  
5 PERIOD WITHIN THE SERVICE REGION OF THE REGIONAL TRANSMISSION  
6 ORGANIZATION, INCLUDING, WHERE APPLICABLE, THE LEVELIZED UP-  
7 FRONT REBATES RECEIVED BY SELLERS OF SOLAR RENEWABLE ENERGY  
8 CREDITS IN OTHER JURISDICTIONS IN THE PJM INTERCONNECTION,  
9 L.L.C. TRANSMISSION ORGANIZATION (PJM) OR ITS SUCCESSOR.

10 (5) THE COMMISSION SHALL ESTABLISH A PROCESS TO PROVIDE  
11 FOR, AT LEAST ANNUALLY, A REVIEW OF THE ALTERNATIVE ENERGY  
12 MARKET WITHIN THIS COMMONWEALTH AND THE SERVICE TERRITORIES  
13 OF THE REGIONAL TRANSMISSION ORGANIZATIONS THAT MANAGE THE  
14 TRANSMISSION SYSTEM IN ANY PART OF THIS COMMONWEALTH. THE  
15 COMMISSION WILL USE THE RESULTS OF THIS STUDY TO IDENTIFY ANY  
16 NEEDED CHANGES TO THE COST ASSOCIATED WITH THE ALTERNATIVE  
17 COMPLIANCE PAYMENT PROGRAM. IF THE COMMISSION FINDS THAT THE  
18 COSTS ASSOCIATED WITH THE ALTERNATIVE COMPLIANCE PAYMENT  
19 PROGRAM MUST BE CHANGED, THE COMMISSION SHALL PRESENT THESE  
20 FINDINGS TO THE GENERAL ASSEMBLY FOR LEGISLATIVE ENACTMENT.

21 \* \* \*

22 SECTION 3. SECTIONS 4 AND 5 OF THE ACT ARE AMENDED TO READ:

23 SECTION 4. PORTFOLIO REQUIREMENTS IN OTHER STATES.

24 IF AN ELECTRIC DISTRIBUTION SUPPLIER OR ELECTRIC GENERATION  
25 COMPANY PROVIDER SELLS ELECTRICITY IN ANY OTHER STATE AND IS  
26 SUBJECT TO RENEWABLE ENERGY PORTFOLIO REQUIREMENTS IN THAT  
27 STATE, THEY SHALL LIST ANY SUCH REQUIREMENT AND SHALL INDICATE  
28 HOW IT SATISFIED THOSE RENEWABLE ENERGY PORTFOLIO REQUIREMENTS.  
29 TO PREVENT DOUBLE-COUNTING, THE ELECTRIC DISTRIBUTION SUPPLIER  
30 OR ELECTRIC GENERATION COMPANY SHALL NOT SATISFY PENNSYLVANIA'S

1 ALTERNATIVE ENERGY PORTFOLIO REQUIREMENTS USING ALTERNATIVE  
2 ENERGY USED TO SATISFY ANOTHER STATE'S PORTFOLIO REQUIREMENTS[ .  
3 ENERGY DERIVED ONLY FROM ALTERNATIVE ENERGY SOURCES INSIDE THE  
4 GEOGRAPHICAL BOUNDARIES OF THIS COMMONWEALTH OR WITHIN THE  
5 SERVICE TERRITORY OF ANY REGIONAL TRANSMISSION ORGANIZATION THAT  
6 MANAGES THE TRANSMISSION SYSTEM IN ANY PART OF THIS COMMONWEALTH  
7 SHALL BE ELIGIBLE TO MEET THE COMPLIANCE REQUIREMENTS UNDER THIS  
8 ACT.] OR ALTERNATIVE ENERGY CREDITS ALREADY PURCHASED BY  
9 INDIVIDUALS, BUSINESSES, OR GOVERNMENT BODIES THAT DO NOT HAVE A  
10 COMPLIANCE OBLIGATION UNDER THIS ACT UNLESS THE INDIVIDUAL,  
11 BUSINESS OR GOVERNMENT BODY SELLS THOSE CREDITS TO THE ELECTRIC  
12 DISTRIBUTION COMPANY OR ELECTRIC GENERATION SUPPLIER. ENERGY  
13 DERIVED FROM ALTERNATIVE ENERGY SOURCES INSIDE THE GEOGRAPHICAL  
14 BOUNDARIES OF THIS COMMONWEALTH SHALL BE ELIGIBLE TO MEET THE  
15 COMPLIANCE REQUIREMENTS UNDER THIS ACT. ENERGY DERIVED FROM  
16 ALTERNATIVE ENERGY SOURCES LOCATED OUTSIDE THE GEOGRAPHICAL  
17 BOUNDARIES OF THIS COMMONWEALTH BUT WITHIN THE SERVICE TERRITORY  
18 OF A REGIONAL TRANSMISSION ORGANIZATION THAT MANAGES THE  
19 TRANSMISSION SYSTEM IN ANY PART OF THIS COMMONWEALTH SHALL ONLY  
20 BE ELIGIBLE TO MEET THE COMPLIANCE REQUIREMENTS OF ELECTRIC  
21 DISTRIBUTION COMPANIES OR ELECTRIC GENERATION SUPPLIERS LOCATED  
22 WITHIN THE SERVICE TERRITORY OF THE SAME REGIONAL TRANSMISSION  
23 ORGANIZATION. FOR PURPOSES OF COMPLIANCE WITH THIS ACT,  
24 ALTERNATIVE ENERGY SOURCES LOCATED IN THE PJM INTERCONNECTION,  
25 L.L.C. REGIONAL TRANSMISSION ORGANIZATION (PJM) OR ITS SUCCESSOR  
26 SERVICE TERRITORY SHALL BE ELIGIBLE TO FULFILL COMPLIANCE  
27 OBLIGATIONS OF PIKE COUNTY LIGHT AND POWER COMPANY AND <—  
28 PENNSYLVANIA POWER COMPANY ALL PENNSYLVANIA ELECTRIC <—  
29 DISTRIBUTION COMPANIES AND ELECTRIC GENERATION SUPPLIERS. ENERGY  
30 DERIVED FROM ALTERNATIVE ENERGY SOURCES LOCATED OUTSIDE THE

1 SERVICE TERRITORY OF A REGIONAL TRANSMISSION ORGANIZATION THAT  
2 MANAGES THE TRANSMISSION SYSTEM IN ANY PART OF THIS COMMONWEALTH  
3 SHALL NOT BE ELIGIBLE TO MEET THE COMPLIANCE REQUIREMENTS OF  
4 THIS ACT. ELECTRIC DISTRIBUTION COMPANIES AND ELECTRIC  
5 GENERATION SUPPLIERS SHALL DOCUMENT THAT THIS ENERGY WAS NOT  
6 USED TO SATISFY ANOTHER STATE'S RENEWABLE ENERGY PORTFOLIO  
7 STANDARDS.

8 SECTION 5. INTERCONNECTION STANDARDS FOR CUSTOMER-GENERATOR  
9 FACILITIES.

10 EXCESS GENERATION FROM NET-METERED CUSTOMER-GENERATORS SHALL  
11 BE ~~"TRUED UP"~~ RECEIVE FULL RETAIL VALUE FOR ALL ENERGY PRODUCED <—  
12 ON AN ANNUAL BASIS. THE COMMISSION SHALL DEVELOP TECHNICAL AND  
13 NET METERING INTERCONNECTION RULES FOR CUSTOMER-GENERATORS  
14 INTENDING TO OPERATE RENEWABLE ONSITE GENERATORS IN PARALLEL  
15 WITH THE ELECTRIC UTILITY GRID, CONSISTENT WITH RULES DEFINED IN  
16 OTHER STATES WITHIN THE SERVICE REGION OF THE REGIONAL  
17 TRANSMISSION ORGANIZATION THAT MANAGES THE TRANSMISSION SYSTEM  
18 IN ANY PART OF THIS COMMONWEALTH. THE COMMISSION SHALL CONVENE A  
19 STAKEHOLDER PROCESS TO DEVELOP STATEWIDE TECHNICAL AND NET  
20 METERING RULES FOR CUSTOMER-GENERATORS. THE COMMISSION SHALL  
21 DEVELOP THESE RULES WITHIN NINE MONTHS OF THE EFFECTIVE DATE OF  
22 THIS ACT.

23 SECTION 3.1. NOTWITHSTANDING THE ADDITION OF SECTION <—  
24 3(E)(12) OF THE ACT, NOTHING IN THIS ACT IS INTENDED TO REVERSE  
25 OR MODIFY THE PENNSYLVANIA PUBLIC UTILITY'S ORDER DOCKET NUMBER  
26 P-00052149.

27 SECTION 4. THIS ACT SHALL TAKE EFFECT IMMEDIATELY.