

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Implementation)
of the Alternative Energy Portfolio) Docket No. M-00051865
Standards Act of 2004)

Comments of Allegheny Energy Supply Company, LLC

I. INTRODUCTION

In a Notice issued January 7, 2005, the Pennsylvania Public Utility Commission (“Commission”) invited comments addressing the implementation of Pennsylvania’s Alternative Energy Portfolio Standards Act of 2004 (“the Act”). As a marketer of energy-related products and commodities and an owner and operator of generating units located in PJM, as well as a possible participant in Pennsylvania’s retail electricity market, Allegheny Energy Supply Company, LLC (“AE Supply”) has a direct and material economic and legal interest in this proceeding. AE Supply appreciates the opportunity to file these comments.

II. COMMENTS

A. Confidentiality

In developing or choosing an Information Registry to meet the requirements of the Act, the Commission should be extremely mindful of the possible disclosure of proprietary information through the release of, or access to, non-aggregated data. While monitoring and reporting is an important part of developing a market for Alternative Energy Credits (“AECs”), it should be designed so that it does not work to the detriment of existing markets for energy and capacity.

B. Administration Fees/Program Cost Recovery

Since program costs will ultimately be born by end use customers, the Commission must make certain that any cost recovery through user fees or other charges is fairly and equitably applied. It should be volume based to assure that end use customers of smaller EDC’s and suppliers do not pay a disproportionate share of the total costs.

In addition, the scope and range of systems should be limited to facilitate the current state program and reasonable expectations of future requirements. This will help

to limit costs and meet required timelines. Users or customers should not be expected to pay for added features from which they receive no current benefit.

C. Implementation Systems

AE Supply strongly urges the Commission to use existing or planned PJM systems, such as e-Meter and the Generator Attributes Tracking System (GATS) for implementing the requirements of the Act. This will reduce duplication of effort and encourage uniformity and coordination with other states, as an important purpose of the GATS will be to provide multi-state tracking of and accounting for AEC's so that credits are counted, certified and sold at the retail level only once.

D. Certification and Technical Standards

AE Supply urges the Commission to implement certification and technical standards that treat various sources of AEC's equitably. We are particularly concerned with the treatment of dual fuel generators and pumped storage facilities. Dual fuel sources that can utilize alternative fuels in conjunction with traditional sources provide valuable environmental benefits with a much lower incremental capital investment. Pumped storage can be an invaluable tool in extracting maximum benefit from wind and solar energy. The methodology for determining the number of AEC's to be allocated to these types of facilities, however, is not straightforward. The Commission should take steps to make certain that the methodology fully reflects the value received.

In addition, all AEC's, whether created in PJM, imported into PJM, or created "behind the meter" must be certified in the same manner and subject to the same verification process in order to provide a level playing field to the participants in the process.

III. CONCLUSION

AE Supply appreciates this opportunity to comment, and welcomes the opportunity to participate in the design and implementation of any programs to facilitate compliance with the Act in an equitable and cost-effective manner.

Respectfully submitted,
ALLEGHENY ENERGY SUPPLY COMPANY, LLC

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