

**Comments to the Pennsylvania Public Utilities
Commission
Technical Conference on Implementation of
Alternative Energy Law of 2004**

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Granger Energy, President – Joel Zylstra

Granger Energy is happy to be allowed the opportunity to comment on the Implementation of the Alternative Energy Portfolio Standards Act of 2004.

Granger Energy develops Landfill Gas to Energy (LFGE) projects of which we are proud to have two in the Commonwealth of Pennsylvania. The first, Granger Energy of Honey Brooke was recently awarded a Grant by the Department of Environmental Protection for the installation of an electrical generation project located at its Chester County Solid Waste Authority site in Honey Brooke, PA. This generator will burn 100% landfill gas to generate electricity for on-site use, and with the proper implementation of this Alternative Energy Portfolio Standard (AEPS) will also deliver electric supplies to the local utility grid for use in meeting the standards set by the AEPS. Phase I of Granger Energy of Honey Brooke is a pipeline project which began commercial deliveries last month. This project's favorable ruling from the PA PUC last year regarding its exemption from utility regulation (except for pipeline safety) allows for alternative supplies to four industrial users. This proved to Granger that Pennsylvania is a leading edge territory for new Alternative Energy development and we are very excited to be a part of it.

Granger is also in the process of developing a similar project at the Conestoga Landfill in Morgantown where a single landfill gas-burning engine will generate electricity for use on site and exportation to the local electric utility via PJM Interconnection.

As the details of this AEPS are written it will be important that the PUC benefit from the partnership Pennsylvania's DEP recently made with the EPA's Landfill Methane Outreach Program (LMOP). That

partnership recently gave birth to "A Primer For The Commonwealth of Pennsylvania For Developing Landfill Gas Utilization" jointly published by the Offices of DEP Secretary McGinty and Governor Rendell. In that document the innumerable benefits associated with using Landfill gas as a fuel for Energy Projects are listed. Those benefits are now being realized by the Commonwealth following the PUC's favorable rulings related to our Honey Brooke project including the addition of area jobs, and the associated payroll dollars, corporate and personal income taxes, property taxes, and most importantly the environmental improvements supported by efforts such as this AEPS.

In connecting future projects for Pennsylvania's AEPS, Granger and other developers will be accommodated best with a focus on two important items; first, streamlined and cost-effective utility interconnecting processes, and second, competitive back-up supply provisions. Granger's previous experiences indicate the marginal economics associated with the smaller scale of Alternative Energy Supply projects can be easily hindered by over-priced interconnection fees combined with excessive system requirements. Additionally, back-up or stand-by power requirements traditionally require a costly premium over the rate of compensation for renewably fueled electricity generation. Attention to fair provisions on these two items will create a positive growing atmosphere to allow the AEPS to be met or exceeded.

Granger is highly encouraged by the activity in the Renewable Energy Credits (RECs) market and would hope that as the AEPS is further devised acknowledgement and priority is given to those RECs generated within the Commonwealth of Pennsylvania utilizing truly renewable energies. The purchase or importation of fossil-generation with RECs attached to the supply is a means utilities are considering to achieve RPSs in other states. Tragically, these types of purchases could displace the abundant supply of renewable energy sources within Pennsylvania, so we should be encouraged to include protections against such supply schemes as the new program is developed.

The Granger Energy team looks forward to participating in a balanced approach to promoting a true Alternative Energy Standard. Technical conferences like this should continue to include considerations from the main players in Pennsylvania's AEPS. Those are developers and suppliers who take the largest risks and provide many of the benefits, the rate paying public who benefit from the new Standard, and the utilities who can help make it a success. In such a forum, considerations for all of the necessary elements for a successful

promotion of Pennsylvania's vast renewable resources can be accomplished for the benefit of the entire Commonwealth.

Again, Granger is very excited about participating in the AEPS and would enjoy the opportunity to provide more specific input toward the implementation of the program. Thank you for taking a leadership position in advancing Alternative Energy Development.