



**PPM Energy**  
A ScottishPower Company

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March 10, 2006

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**VIA OVERNIGHT MAIL**

Commonwealth of Pennsylvania  
Secretary's Bureau  
Pennsylvania Public Utility Commissions  
P.O. Box 3265  
Harrisburg, PA 17105-3265

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

Docket No. M-00051865

Implementation of the Alternative  
Energy Portfolio Standards Act of 2004

Dear Secretary McNulty:

Enclosed please find the comments of PPM Energy regarding the Implementation of the Alternative Energy Portfolio Standards Act of 2004.

Respectfully submitted,

Theo deWolff  
Director, Business Development

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PENNSYLVANIA PUBLIC UTILITIES COMMISSION

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Docket No. M-00051865

Implementation of the Alternative  
Energy Portfolio Standards Act of 2004

**COMMENTS OF PPM ENERGY**

In response to the Pennsylvania Public Utility Commission's Tentative Order dated January 27, 2006, PPM Energy would like to offer the following comments.

PPM Energy is a national developer and owner of wind power facilities and a wholesale marketer of wind-generated and other electricity, with headquarters in Portland, Oregon.

PPM Energy has previously commented in Docket M-00051865 regarding Implementation of the Alternative Energy Portfolio Standards Act of 2004 (AEPS).

PPM Energy would like to take this opportunity to comment on the geographical requirements for eligible AEPS facilities. PPM Energy supports the position of the legislators who were the primary sponsors of Act 213, as stated in their letter to PUC Chairman Holland on February 28, 2006.

PPM believes that the electric generation and alternative energy credits produced by any qualifying facility physically located and interconnected within the ISO that serves a specific Pennsylvania distribution utility should be eligible for AEPS compliance in that same ISO. This approach to eligibility maintains consistency with the operation of ISO energy markets. Thus alternative energy facilities located in the PJM service territory could produce credits to meet AEPS requirements for energy supplied to meet customers' requirements in distribution utilities located within PJM, and alternative energy facilities located in the MISO service territory could produce credits to meet AEPS requirements

for energy supplied to meet customers' requirements in distribution utilities within MISO.

To rule that alternative energy facilities located in MISO could generate credits that would be eligible within PJM would be inconsistent with the manner in which energy markets operate and undermine the development of alternative energy facilities within and in proximity to Pennsylvania. Sound public policy argues for Pennsylvania to encourage the development of alternative energy facilities that diversify the energy mix of the ISO serving most Pennsylvanians. This diversification of supply holds the promise of reducing Pennsylvania's dependence on fossil fuels and reducing the volatility of electricity prices. In addition, increasing the alternative energy supply in Pennsylvania holds the promise of improving air quality in the state because alternative sources produce no air pollution or less than many fossil-fuel-fired power plants. By establishing geographical eligibility that only permits resources located in PJM to qualify in PJM and resources in MISO to qualify in MISO, the PA PUC would ensure the AEPS delivers the essential benefits that the AEPS was designed to deliver.

As a further consideration, allowing the AEPS credits generated MISO to meet AEPS compliance obligations in PJM without the delivery of the underlying energy from the alternative energy facility would violate the "energy delivery" requirements of the Act.

Thank you for your consideration of these comments.