

**REQUEST FOR PROPOSAL FOR**

**Alternative Energy Credit Program Administrator**

**ISSUING OFFICE**

**Pennsylvania Public Utility Commission  
Bureau of Conservation, Economics and Energy Planning  
Commonwealth Keystone Building  
400 North Street, 2<sup>nd</sup> Floor  
Harrisburg, PA 17120**

**DATE OF ISSUANCE**

**September 1, 2006**

# TABLE OF CONTENTS

PART I: INFORMATION REGARDING CONTRACTOR SELECTION PROCESS.....	3
PART II: WORK PLAN REQUIREMENTS.....	9
PART III: CRITERIA FOR SELECTION .....	11
PART IV: WORK STATEMENT.....	12
APPENDIX A: Standard Contract Terms and Conditions	
APPENDIX B: Glossary of Terms and Acronyms	
APPENDIX C: Alternative Energy System Resource Qualification Process	

## **PART I: INFORMATION ON CONTRACTOR SELECTION PROCESS**

**I-1. Purpose of Part I.** This part provides interested contractors with additional information on the Commission's contractor selection process.

**I-2. Type of Contract.** It is proposed that if a contract is entered into as a result of this RFP, it will be a fixed maximum contract. The contract will contain the Standard Contract Terms and Conditions referred to in Appendix A. The contractor will be paid allowable costs incurred in the performance of the contract, to the extent prescribed by the contract. This contract establishes a maximum contract dollar amount, which the contractor may not exceed without prior approval and subsequent amendment of the contract. The contractor shall be reimbursed for actual work performed in accordance with the contract, up to the established maximum. The contractor shall submit quarterly invoices. The Commission may in its sole discretion undertake negotiations with contractors whose proposals as to price and other factors show them to be qualified, responsible, and capable of performing the work.

**I-3. Rejection of Proposals.** The Commission reserves the right to reject any and all proposals received as a result of this request, or to negotiate separately with competing contractors.

**I-4. Incurring Costs.** The Commission is not liable for any costs incurred by contractor prior to issuance of a contract.

**I-5. Addenda to the RFP.** If it becomes necessary to revise any part of this RFP before the proposal response date, addenda will be issued to all contractors who received the original RFP.

**I-6. Response Date.** To be considered, proposals must arrive at the Issuing Office on or before 4:00 pm eastern standard time, of October 2, 2006. Receipt of proposals will be logged in with a time and date stamp.

Proposals should be addressed to:

Mr. Calvin Birge  
Pennsylvania Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105-3265

Contractors mailing proposals should allow sufficient mail delivery time to ensure timely receipt of their proposals. If, due to inclement weather, natural disaster, or any other cause, the Commission office location to which proposals are to be returned is closed on the proposal response date, the deadline for submission shall be automatically extended until the next Commission business day on which the office is open, unless

the contractors are otherwise notified by the Commission. The time for submission of proposals shall remain the same. Proposals received after the time and date specified in the cover letter will not be considered, regardless of the reason for the late submission.

**I-7. Proposals.** To be considered, contractors should submit a complete response to this RFP, using the format provided in PART II. Each proposal should be submitted with ten copies to the Issuing Office. No other distribution of proposals will be made by the contractor. Each proposal page should be numbered for ease of reference. Proposals must be signed by an official authorized to bind the contractor to its provisions. For this RFP, the proposal must remain valid for at least 90 days. Moreover, the contents of the proposal of the selected contractor will become contractual obligations if a contract is entered into.

Each and every contractor submitting a proposal specifically waives any right to withdraw or modify it, except as hereinafter provided. Proposals may be withdrawn by written or telefax notice received at the Issuing Office's address for proposal delivery prior to the exact hour and date specified for proposal receipt. However, if the contractor chooses to attempt to provide such written notice by telefax transmission, the Commission shall not be responsible or liable for errors in telefax transmission. A proposal may also be withdrawn in person by a contractor or its authorized representative, provided its identity is made known and it signs a receipt for the proposal, but only if the withdrawal is made prior to the exact hour and date set for proposal receipt. A proposal may only be modified by the submission of a new, sealed proposal or submission of a sealed modification which complies with the requirements of this RFP.

**I-8. Economy of Preparation.** Proposals should be prepared simply and economically, providing a straightforward, concise description of the contractor's ability to meet the requirements of the RFP in **100** pages or less. Separate appendices may be attached to the proposal containing information such as graphs, tables, charts, resumes, etc. that will not be counted against the 100 page limit.

**I-9. Discussions for Clarification.** Contractors who submit proposals may be required to make an oral or written clarification of their proposals to the Commission to ensure thorough mutual understanding and contractor responsiveness to the solicitation requirements. The Issuing Office will initiate requests for clarification.

**I-10. Prime Contractor Responsibilities.** The selected contractor will be required to assume responsibility for all services offered in its proposal whether or not it produces them. Further, the Commission will consider the selected contractor to be the sole point of contact with regard to contractual matters.

**I-11. Proposal Contents.** Proposals will be held in confidence and will not be revealed or discussed with competitors, unless disclosure is required to be made (i) under the

provisions of any Commonwealth or United States statute or regulation; or (ii) by rule or order of any court of competent jurisdiction. If a contract is executed, however, the successful proposal submitted in response to this RFP shall be subject to disclosure. All material submitted with the proposal becomes the property of the Commonwealth of Pennsylvania and may be returned only at the Commission's option. Proposals submitted to the Commission may be reviewed and evaluated by any person other than competing contractors at the discretion of the Commission. The Commission has the right to use any or all ideas presented in any proposal. Selection or rejection of the proposal does not affect this right.

**I-12. Best and Final Offers.** To obtain best and final offers from contractors, the Commission may do one or more of the following: (a) enter into negotiations; (b) schedule oral presentations; and (c) request revised proposals.

**I-13. Publication/News Releases.** Confidential information cannot be published by any contractor or shared with any sources other than those specifically allowed, in writing, by the Commission. Confidential information includes, but is not limited to:

- information specified as confidential within the RFP,
- information defined in Paragraph 1(a) of the Commission's Contract Integrity Provisions referenced in this RFP,
- information that is provided to the contractor by the Commission and stated to be confidential, or
- any information that would tend to put the Commission in an unfavorable position with regard to potential tort liability.

News releases pertaining to this project will not be made without prior Commission approval, and then only in conjunction with the Issuing Office.

Project/service results or activities during the period of the contract resulting from the RFP may not be published, otherwise disclosed, or permitted to be disclosed without providing, in writing, a minimum of two weeks notice to the Issuing Office and a copy of the information to be published or disclosed. This will allow the Commission to review and comment on the information. If permitted by the Commission, an abstract may be used for notification of intent to present a publication based upon the project/service.

All publications that have been reviewed and approved by the Commission for distribution must contain the following statement: "This work was sponsored by the Pennsylvania Public Utility Commission, Bureau of Conservation, Economics, and Energy Planning." In the event that the Commission does not agree with the content of the report or publication, the contractor must honor any request to omit credit to the Commission or state the funding sources' disagreement with the content or findings.

Published reports shall include the following disclaimer: "The contents of this report reflect the views of the author(s), who is (are) responsible for the facts and the accuracy of the data presented herein. The contents do not necessarily reflect the official views or policies of the Commonwealth of Pennsylvania or the Pennsylvania Public Utility

Commission at the time of publication. This report does not constitute a standard, specification, or regulation.”

**I-14. Pennsylvania Public Utility Commission Participation.** Unless specifically noted in these documents, contractors must provide all services to complete the identified work. The Commission will have no obligation to provide any equipment, office, clerical assistance or travel expenses since these elements will be the responsibility of the contractor. The Commission will provide oversight to ensure that all aspects of the RFP are satisfactorily performed. Access to Commission information systems will be made available as necessary.

**I-15. Cost Submittal.** The cost submittal and the proposed work plan shall be placed in separate sealed envelopes within the proposal filed with the Issuing Office. Failure to meet this requirement will result in automatic disqualification of the proposal.

**I-16. Term of Contract.** The Commission anticipates the start date for the services to commence as January 1, 2007. The Act does not include a sunset provision, so the Commission expects that there will be an indefinite need for the services of a program administrator.

The initial term of the contract will be for January 1, 2007 through September 30, 2010, with the option of one, two-year extension from October 1, 2010 through September 30, 2012. The extension option will be exercised solely at the Commission's discretion. Contractors should submit bids for the entire period from January 1, 2007, through September 30, 2012, consistent with the requirements of Part II-4.

If a contractor's bid is accepted, they are obligated to provide services for the entire contract term, including the extension period, unless notified by the Commission that no extension will be given. The Commission will notify the contractor of its decision whether to exercise its extension option, in writing, by September 30, 2009.

The reason for the September expiration date is that the Commission wishes to structure contracts around the reporting period schedule. Several, key, time-sensitive, tasks will occur between the end of a reporting period on May 31, and the time that the true up period ends, in late August. Should a change of contractor occur after the term expires, it would be less disruptive for this change to occur after the end of a reporting and true-up period.

Should an extension be granted, the Commission will commence its RFP process for a new contract by September 30, 2011. Should an extension not be granted, the Commission will commence its RFP process for a new contract by September 30, 2009.

The decision of the Commission to exercise the extension option is entirely at its discretion. This extension option is separate and apart from the Commission's rights to terminate the contract as identified in the attached Standard Contract Terms and Conditions in Appendix A.

**I-17. Contractor's Representation and Authorizations.** Each contractor by submitting its proposal understands, represents, and acknowledges that:

a. All information provided by, and representations made by, the contractor in the proposal are material and important and will be relied upon by the Issuing Office in awarding the contract(s). Any misstatement shall be treated as fraudulent concealment from the Issuing Office of the true facts relating to the submission of this proposal. A misrepresentation shall be punishable under 18 Pa.C.S. § 4904.

b. The price(s) and amount of this proposal has been arrived at without collusion or bid rigging as defined in 62 Pa.C.S. §§ 562 and 4502.

c. Neither the price(s) nor the amount of the proposal, and neither the approximate price(s) nor the approximate amount of this proposal, have been disclosed to any other firm or person who is a contractor or potential contractor, and they will not be disclosed on or before the proposal submission deadline specified in the cover letter to this RFP.

d. No attempt has been made or will be made to induce any firm or person to refrain from submitting a proposal on this contract, or to submit a proposal higher than this proposal, or to submit any intentionally high or noncompetitive proposal or other form of complementary proposal.

e. The proposal is made in good faith and not pursuant to any agreement or discussion with, or inducement from, any firm or person to submit a complementary or other noncompetitive proposal.

f. To the best knowledge of the person signing the proposal for the contractor, the contractor, its affiliates, subsidiaries, officers, directors, and employees are not currently under investigation by any governmental agency and have not in the last four (4) years been convicted or found liable for any act prohibited by State or Federal law in any jurisdiction, involving conspiracy or collusion with respect to bidding or proposing on any public contract, except as disclosed by the contractor in its proposal.

g. To the best of the knowledge of the person signing the proposal for the contractor and except as otherwise disclosed by the contractor in its proposal, the contractor has no outstanding, delinquent obligations to the Commonwealth including, but not limited to, any state tax liability not being contested on appeal or other obligation of the contractor that is owed to the Commonwealth.

h. The contractor is not currently under suspension or debarment by the Commonwealth, or any other state, or the federal government, and if the contractor cannot certify, then it shall submit along with the proposal a written explanation of why such certification cannot be made.

i. The contractor has not, under separate contract with the Issuing Office, made any recommendations to the Issuing Office concerning the need for the services

described in the proposal or the specifications for the services described in the proposal.

j. Each contractor, by submitting its proposal, authorizes all Commonwealth agencies to release to the Commonwealth information related to liabilities to the Commonwealth including, but not limited to, taxes, unemployment compensation, and workers' compensation liabilities.

k. Until the selected contractor receives a fully executed and approved written contract from the Issuing Office there is no legal and valid contract, in law or in equity, and the contractor should not begin to perform.

**I-18. Notification of Selection.** The responsible contractor whose proposal is determined to be the most advantageous to the Commission, as determined by the Issuing Office, after taking into consideration all of the evaluation factors, shall be notified in writing of its selection for negotiation.

## PART II: WORK PLAN REQUIREMENTS

**II-1. Work Plan.** Describe in narrative form your plan for accomplishing the work. Use the task descriptions in Part IV of this RFP as your reference point. Modifications of the task descriptions are permitted; however reasons for change should be fully explained. Indicate the number of person hours allocated to each task.

Include an organizational chart documenting all job positions that will be dedicated to accomplishing the tasks in Part IV of this RFP. Identify each individual that will fill this job position, if known at this time, and include any relevant biographical information not previously provided in the response to the RFQ.

**II-2. Training.** If appropriate, indicate recommended training of Commission personnel. Include the number to be trained, duration of the program, place of training, curricula, training materials to be used, number and frequency of sessions, and number and level of instructors. For example, if the contractor would expect to use a Microsoft Access database, Commission personnel should be instructed on the scope of its use and organization.

**II-3. Objections and Additions to Standard Contract Terms and Conditions.**

Contractor will identify which, if any, of the terms and conditions contained in Appendix A it would like to renegotiate and what additional terms and conditions contractor would like to have included in the terms and conditions. Contractor's failure to make a submission under this paragraph will result in its waiving its right to do so later, but the Commission may consider late objections and additional requests if it is in the best interest of the Commission to do so. The Commission may, in its sole discretion, reject any changes requested by the Contractor. Requested changes must be to the terms and conditions set out in Appendix A. Requests to change other provisions of the RFP will not be considered. A request that Contractor's terms and conditions be substituted for Appendix A will not be considered. All terms and conditions must appear in one integrated contract. References to online guides or online terms and conditions will not be accepted.

**II-4. Cost submittal.** The information requested in this section shall constitute the Cost Submittal for a fixed maximum contract. The Cost Submittal shall be placed in a separate sealed envelope within the sealed proposal and kept separate from the technical submittal. Failure to meet this requirement will result in automatic disqualification of the proposal. The total cost you are proposing must be broken down into the following components: **[Use the appropriate items in the following format.]**

**a. Direct Labor Costs.** Itemize so as to show the following for each category of personnel with a different rate per hour:

- (1) Category: e.g., project manager, analyst, research associate, etc..
- (2) Estimated hours.
- (3) Rate per hour.
- (4) Total cost for each category and for all direct labor costs.

**b. Labor Overhead.** Specify what is included and rate used.

**c. Travel and Subsistence.** Itemize transportation, lodging and meals per diem costs separately. Travel and subsistence costs must conform to the requirements of Commonwealth Management Directive 230.10. The Pennsylvania Public Utility Commission may accept higher rates normally paid by a contractor, if those rates were approved by the contractor's officials and published prior to submitting this proposal to the Commission.

**d. Consultant Costs.** Itemize as in (a) above.

**e. Subcontract Costs.** Itemize as in (a) above. (Note: If subcontractors are utilized, they must be identified.)

**f. Cost of Supplies and Materials.** Itemize.

**g. Other Direct Costs, including office rents.** Itemize.

**h. Itemized Billing.** The vendor will bill the Commission for the contract amount on a quarterly basis. Quarterly invoices will be for actual hours of services, itemized per week and job title utilized by the vendor. All detailed information must be fully supportable, accurate, and verifiable to external audits. Describe what backup detail will be provided to the Commission to support the itemized billing entries.

**i. Total Cost.**

**j. These cost components and total costs should be identified for the following periods:**

1. January 1, 2007 through September 30, 2007
2. October 1, 2007 through September 30, 2008
3. October 1, 2008, through September 30, 2009
4. October 1, 2009, through September 30, 2010
5. October 1, 2010, through September 30, 2011
6. October 1, 2011, through September 30, 2012

Only work satisfactorily performed after execution of a written contract, after the contractor's receipt of a notice to proceed from the Commonwealth and after the contract term has begun will be reimbursed.

## PART III: CRITERIA FOR SELECTION

**III-1. Mandatory Responsiveness Requirements.** To be eligible for selection, a proposal must be (a) timely received from a contractor; (b) properly signed by the contractor; and (c) formatted such that all cost data is kept separate and not included in the work proposal

**III-2.** Proposals will be reviewed and evaluated by a committee of qualified personnel selected by the Commission. This committee will recommend for selection the proposal which it determines is the most advantageous to the Commission after considering all of the evaluation factors. Award will only be made to a contractor determined to be responsible in accordance with Commonwealth Management Directive 215.9, Contractor Responsibility Program.

**III-3. Criteria for Selection.** The following areas of consideration will be used in making the selection:

**a. Understanding the Problem.** This refers to the contractor's understanding of the agency needs that generated the RFQ and RFP, of the agency's objectives in asking for the services and of the nature and scope of the work involved.

**b. Contractor Qualifications.** This refers to the ability of the contractor to meet the terms of the RFP, especially the time constraint and the quality and relevancy of projects completed by the contractor. This also includes the contractor's financial ability to undertake a project of this size.

**c. Personnel Qualifications.** This refers to the competence of professional personnel who would be assigned to the job by the contractor. Qualifications of professional personnel will be measured by experience and education, with particular reference to experience on services similar to that described in Part II of the RFQ. Particular emphasis is placed on the qualifications of the project manager.

**d. Work Plan and Soundness of Approach.** Emphasis here is on the techniques for collecting and analyzing data, sequence and relationships of major steps, and methods for managing the services. Of equal importance is whether the work plan is sufficiently detailed and completely responsive to all written specifications and requirements contained in the RFP, and if it appears to meet agency objectives.

**e. Cost.** While this area will be weighted heavily, it will not normally be the deciding factor in the selection process.

**f. Available facilities.** The contractor is not required to have offices located in the Harrisburg area.

## PART IV: WORK STATEMENT

**IV-1. Objectives.** In Part I of the RFQ, the Commission provided a general overview of the responsibilities of the alternative energy credit program administrator. Part IV of the RFP identifies in detail the work that will need to be performed by the program administrator.

The Commission issued the RFQ and this RFP to retain the services of a contractor who will perform certain functions necessary for the implementation of the Alternative Energy Portfolio Standards Act of 2004. These functions include:

- The verification of electric distribution company ("EDC") and electric generation supplier ("EGS") compliance with the minimum portfolio requirements of the Act, and the reporting of compliance to the Commission.
- The review of applications for alternative energy system status.
- Certifying that only valid alternative energy credits are used for EDC and EGS compliance purposes.
- The verification of data provided by alternative energy systems, including customer-generators.
- Support services for customer-generators.
- The tracking and reporting of alternative energy credit prices to the Commission.
- The calculation of alternative compliance payment amounts for EDCs and EGSs.
- Providing various reports to the Commission and DEP documenting compliance with and costs associated with implementation of the Act

The Act provides that the program administrator's powers and duties will be established by Commission regulation. The Commission issued a proposed rulemaking order at the Public Meeting of July 20, 2006, which included these powers and duties, which are in turn reflected in this document. *Implementation of the Alternative Energy Portfolio Standards Act of 2004*, Docket No. L-00060180 (Order entered July 25, 2006).<sup>1</sup> Contractors should review this proposed rulemaking order prior to submitting a response.

**IV-2. Nature and Scope of the Project.** This RFP will address tasks related to the verification of EDC and EGS compliance with their obligations under the Act. EDCs and EGSs are required to increase their reliance on alternative energy sources in their sales of electricity to Pennsylvania's retail electric customers. Compliance is measured in quantities of alternative energy credits, each of which represents one megawatt hour of qualified electricity generation or conservation.

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<sup>1</sup> Available at <http://www.Commission.state.pa.us/PcDocs/621947.doc>

The Act also requires EDCs to allow customer-generators to interconnect and net meter distributed generation systems that utilize an alternative energy source. However, the program administrator will not be involved in the processing and review of customer generator interconnection requests. Any disputes between EDCs and customer generators on interconnection or net metering matters will be reviewed by Commission staff.

The RFP also addresses the processes and standards by which alternative energy systems, including customer-generators, may take advantage of the financial opportunities the Act provides. The administrator will review and make determinations on applications for alternative energy system status. The administrator will also need to verify the alternative energy system's reliance on appropriate fuel sources and technologies. This verification includes appropriate measures of demand side management and energy efficiency program effectiveness.

The administrator will need to provide certain support services to some customer-generators. For example, the Commission expects that customer-generators will report their data to the administrator for verification before that data is entered into PJM-EIS's GATS.

The administrator will work with the Pennsylvania Department of Environmental Protection ("DEP") in processing alternative energy system applications.

Finally, potential contractors should be aware that the Act's alternative energy portfolio requirements do not apply to rural electric cooperatives selling electricity to their members or municipally owned electric distribution companies selling electricity within their corporate limits.

**IV-3. Requirements.** Compliance with the Act is verified for successive twelve month reporting periods that begin on June 1 and conclude on May 31 of the following year. The first reporting period commenced on June 1, 2006. Thus, the contractor must be able to provide a report on EDC and EGS compliance with the portfolio requirements after the end of the first reporting year on May 31, 2007. However, EDCs and EGSs are excused from the Act's minimum alternative energy portfolio requirements until two years from its effective date, or February 28, 2007. Thus compliance will only be tracked for the last three months of the first reporting period. Contractors must therefore be able to begin compliance verification work no later than February 28, 2007.

Contractors should also recognize that the quantity of work associated with compliance verification will be relatively small at first, but gradually increase through 2010. For example, EDCs are excused from compliance for the duration of their current generation rate caps or approved generation service plans, but this exemption extends no later than December 31, 2010. See definition of "cost-recovery period." 73 P.S. § 1648.2. EGSs are excused from compliance in the service territories of all EDCs that are still exempt from compliance.

The administrator will only need to verify compliance in two EDC service territories, representing about 5% of Pennsylvania's load, for the period ending on May 31, 2007. The administrator will need to verify compliance in all 11 EDC service territories starting by January 1, 2011. The EDC compliance exemption periods are as follows:

<u>EDC Service Territory</u>	<u>Exemption expires</u>	<u>Compliance begins</u>
UGI Utilities Inc. – Electric Division	December 31, 2006	February 28, 2007
Pennsylvania Power Company	December 31, 2006	February 28, 2007
Pike County Power and Light	December 31, 2007	January 1, 2008
Citizens Electric of Lewisburg	December 31, 2007	January 1, 2008
Wellsboro Electric Company	December 31, 2007	January 1, 2008
Duquesne Light Company	December 31, 2007	January 1, 2008
PPL Electric Utilities, Inc.	December 31, 2009	January 1, 2010
West Penn Power Company	December 31, 2010	January 1, 2011
Pennsylvania Electric Company	December 31, 2010	January 1, 2011
Metropolitan Edison Company	December 31, 2010	January 1, 2011
PECO Energy Company	December 31, 2010	January 1, 2011

There are currently 42 licensed EGSs in Pennsylvania. The large majority of these EGSs are not serving retail electric customer at this time. Almost all EGS sales to retail customers are occurring in the PECO and Duquesne service territories at this time.

The number of licensed EGSs, their volume of sales to retail electric customers, and overall activity in all service territories is expected to increase after the expiration of rate caps.

Another area of work that will increase over time involves customer-generators. There are relatively few retail customers who presently interconnect and net meter distributed generation systems in Pennsylvania. These numbers may grow exponentially over the next 5 years, particularly in response to the Tier I solar photovoltaic requirement. The administrator should expect to devote more time with each passing year of the contract in processing customer-generators' applications for alternative energy system status, and verifying the data provided by them. The Commission expects that the majority of new alternative energy system applications received by the administrator will be submitted by customer-generators within a few years.

The Commission expects that work plans and cost submittals will reflect the phased in implementation of the Act.

#### IV-4. Tasks.

- A. **Alternative Energy System Qualification.** EDC and EGS compliance is measured in quantities of alternative energy credits. Alternative energy credits may be certified (e.g., created) for the electric generation of power plants or electric conservation through programs of technologies that has been qualified for "alternative energy system" status. Only electric generation facilities, customer-generators, or other retail electric customers that use an alternative energy source (i.e. DSM, energy efficiency technology/program) may qualify for alternative energy system" status.

The Commission has already developed an alternative energy system application form that is available on its public internet domain.<sup>2</sup> The Commission, in conjunction with the DEP, has already qualified the majority of the eligible alternative energy generation in the PJM Interconnection, LLC ("PJM") control area. Once a contractor is selected, this form will be revised to reflect that it should be initially filed with the program administrator, as opposed to DEP.

The administrator's task will be to review, and approve or reject new applications within 30 days. Applicants will include newly constructed systems or already existing facilities that have not yet applied. The administrator will use the following process in reviewing applications:

1. The administrator will initially review the application for completeness and adherence to instructions. Incomplete or incorrectly completed applications should be rejected and the applicant notified of the deficiency. A log should be maintained for all applications documenting the date of receipt, and the date of rejection or approval of the application. If an application is rejected, the reason(s) should be noted.
2. Assuming a complete and correctly completed application is submitted, the administrator will then verify the application for compliance with the geographic eligibility requirement of the Act. Only an alternative energy system located in Pennsylvania, or the control area of a regional transmission organization ("RTO") that manages a portion of Pennsylvania's transmission system, is eligible. The only two RTOs that manage a portion of Pennsylvania's transmission system are PJM and the Midwest Independent Transmission System Operator, Inc. ("MISO"). Therefore, a generation facility located in New York, which lies entirely in the control area of the New York Independent System Operator, Inc., would not be eligible. A generation facility in Maryland, which lies entirely in the control area of PJM, would be eligible. The applicant is required to identify which state and control area it is located in, so compliance with this standard should be relatively easy to determine.
3. An applicant must also demonstrate compliance with all applicable Pennsylvania environmental laws. The administrator will certify these questions to the DEP by forwarding a copy of the application to the appropriate DEP contact person. DEP will verify that the facility has obtained the necessary permits to operate, and is not guilty of major environmental violations. DEP will also verify that the applicant relies on one of the "alternative energy sources" identified in Section 1648.2 of the Act, 73 P.S. 1648.2. DEP will inform the administrator in writing of whether the applicant is in compliance with environmental laws and utilizes an alternative energy source. The administrator will accept DEP's determination on these questions.

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<sup>2</sup> [http://www.Commission.state.pa.us/electric/docs/Alternative\\_Energy\\_System\\_App.doc](http://www.Commission.state.pa.us/electric/docs/Alternative_Energy_System_App.doc)

4. If an applicant satisfies all qualification requirements, the administrator will award alternative energy system status. The administrator will provide the alternative energy system with a Pennsylvania state certification number. This is a unique number that will allow the alternative energy system to register with the PJM Environmental Information Services, Inc.'s ("PJM-EIS") Generation Attribute Tracking System ("GATS"). The GATS is an online, information database that the Commission has designated as the alternative energy credits registry required by the Act. A numbering convention has already been developed that the administrator will use. The administrator will notify PJM-EIS of its approval decision and the state certification number.

5. As a general rule, the program administrator will not conduct a site visit and inspect the system before processing the application. In part D of this section, the RFP requires that 10% of customer-generator applications be inspected before an application is approved.

6. If an application is rejected, the applicant must appeal the program administrator's decision within 20 days if it wishes to challenge the determination. An appeal will be treated as a petition for appeal of staff actions, consistent with Commission regulations at 52 Pa. Code § 5.44. The appeal would be considered by the Commission. The Commission will reverse the program administrator's decision if it was incorrect as to the law or facts.

If the Commission refers the matter to the Office of Administrative Law Judge for evidentiary hearings, contractor staff may be called to testify and provide documentation to support their decision. The Commission will provide legal counsel, as needed, for the administrator during this appeal process.

A draft application review process was attached as Appendix A to the RFQ, and is attached as Appendix C to this RFP document. A list of generators already registered with GATS, including those qualified as alternative energy systems in Pennsylvania as of April of 2006, is available at the Commission's public internet domain.<sup>3</sup>

**Contractors should propose a timely and cost-effective protocol for reviewing applications that adheres to the above process and standards. The above process is included in the proposed rulemaking order of July 25, 2006.**

- B. Certification of alternative energy credits.** Once an alternative energy system has been provided a Pennsylvania state certification number, it may be registered with GATS. Alternative energy systems registered with GATS will accrue certificates equivalent to their metered electric

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<sup>3</sup> [http://www.Commission.state.pa.us/electric/pdf/Qualified\\_Alternative\\_Energy\\_Systems.pdf](http://www.Commission.state.pa.us/electric/pdf/Qualified_Alternative_Energy_Systems.pdf)

generation, or verified energy conservation measures. Each certificate is unique, and documents the date of creation, resource type, generator, etc.

Generators will maintain these certificates in their active accounts on GATS until they are sold or transferred to another party, such as an EDC or EGS. EDCs and EGSs will attempt to accrue a sufficient number of GATS certificates to satisfy their obligations under the Act.

Not every certificate created by GATS may necessarily be used for compliance purposes in Pennsylvania. Before a GATS certificate can be used for compliance purposes in Pennsylvania, it must be validated as an "alternative energy credit." The administrator will need to address the following issues before an alternative energy credit is created.

1. Delivery requirement. A GATS certificate may only be used as an alternative energy credit for Pennsylvania compliance purposes if the associated energy commodity is delivered to or used within Pennsylvania, or the control area of PJM and MISO. The GATS certificates associated with electricity that is exported out of the combined PJM and MISO control areas cannot be considered alternative energy credits.

**Contractors should propose a protocol for timely and cost-effective verification of compliance with the delivery requirement.**

2. Double-counting requirement. A GATS certificate may not be used to meet the compliance obligation in more than one jurisdiction. For example, if an EGS has already used a GATS certificate to satisfy a compliance obligation in New Jersey, that EGS may not use that same certificate for its Pennsylvania requirements.

PJM-EIS's GATS system will create unique certificates for each megawatt hour of qualified generation or conservation. These certificates will be retired and removed from GATS as they are used to satisfy state portfolio standards.

**Contractors should identify a protocol that will allow them to timely and cost-effectively verify that a GATS certificate already used to satisfy another jurisdiction's compliance requirement is not used to meet a Pennsylvania compliance obligation, and to ensure that certificates are retired from the GATS system. This protocol may include utilization of existing GATS functionality, documentation obtained from EDCs, EGSs, etc.**

3. Vintage limitation. Alternative energy credits may only be awarded for generation that occurred on or after February 28,

2005. Credits may only be awarded for conservation measures that occurred on or after November 30, 2004.

It is the Commission's understanding, at this time, that GATS has not created any certificates for Pennsylvania eligible resources for generation activities that occurred prior to 2005.

**Contractors should identify a protocol that will allow them to timely and cost-effectively verify that EDCs and EGSs do not use GATS certificates for activities that took place prior to these dates. This protocol may include utilization of existing GATS functionality, documentation obtained from EDCs, EGSs, etc.**

**C. Verification of EDC and EGS compliance with the portfolio standard requirements.**

The Act requires EDCs and EGSs to increase their reliance on electricity produced or conserved through alternative energy sources. This mandate is implemented through minimum targets for twelve month reporting periods. Compliance is measured in quantities of alternative energy credits, which represents one megawatt hour of electricity generation or conservation. The minimum portfolio requirements per reporting year is as follows:

<u>Year</u>	<u>Period</u>	<u>Tier I</u>	<u>Solar PV</u>	<u>Tier II</u>
Year 1:	June 1, 2006 - May 31, 2007	1.5%	.0013%	4.2%
Year 2:	June 1, 2007 - May 31, 2008	1.5%	.0013%	4.2%
Year 3:	June 1, 2008 - May 31, 2009	2.0%	.0013%	4.2%
Year 4:	June 1, 2009 - May 31, 2010	2.5%	.0013	4.2%
Year 5:	June 1, 2010 - May 31, 2011	3.0%	.0203%	6.2%
Year 6:	June 1, 2011 - May 31, 2012	3.5%	.0203%	6.2%
Year 7:	June 1, 2012 - May 31, 2013	4.0%	.0203%	6.2%
Year 8:	June 1, 2013 - May 31, 2014	4.5%	.0203%	6.2%
Year 9:	June 1, 2014 - May 31, 2015	5.0%	.0203%	6.2%
Year 10:	June 1, 2015 - May 31, 2016	5.5%	.2500%	8.2%
Year 11:	June 1, 2016 - May 31, 2017	6.0%	.2500%	8.2%
Year 12:	June 1, 2017 - May 31, 2018	6.5%	.2500%	8.2%
Year 13:	June 1, 2018 - May 31, 2019	7.0%	.2500%	8.2%
Year 14:	June 1, 2019 - May 31, 2020	7.5%	.2500%	8.2%
Year 15:	June 1, 2020 - May 31, 2021	8.0%	.5000%	10.0%

The minimum portfolio requirement for each year after Year 15 is the same as Year 15. Please note that the solar photovoltaic requirement

represents a percentage of the Tier I obligation, as opposed to a percentage of the EDC or EGS's overall retail sales.

The Act provides for three separate and distinct portfolio requirements: Tier I, solar photovoltaic, and Tier II. Each of these three requirements must be met for an EDC or EGS to satisfy its obligations for a reporting period.

Compliance will be measured by comparing aggregate sales of electricity to retail customers against the quantity of alternative energy credits accrued for purposes of compliance with the Act. After the end of each reporting period, the administrator will verify compliance with these requirements through a review of certificates held in the EDC's and EGS's account on GATS. The administrator will notify each EDC and EGS if they are compliant, and will provide a compliance report to the Commission and DEP.

The administrator will address the following issues in verifying compliance:

1. Timeliness of EDC and EGS sales data: Compliance with the minimum portfolio requirements cannot be verified for an EDC and EGS until the quantity of retail sales data for the just concluded reporting year are known. Historically, the sales data the Commission receives is several months old. Various factors contribute to this. For example, a meter that records electric sales in the month of May might not be read till the end of June, a full month after a reporting period has concluded. Additionally, sales by PJM members are reconciled through a settlement system that takes several months to complete.

This delay presents a problem because of the "true-up" period that the Act provides for. This is a ninety day period that commences at the end of a reporting period. EDCs and EGSs may utilize this period to acquire additional alternative energy to satisfy compliance with the minimum portfolio requirement for the just concluded reporting period.

The regulations proposed on July 20, 2006 directs EDCs to provide sales data for all load serving entities in their territory for the recently concluded reporting period within 45 days of the conclusion of that reporting period.

The administrator is to then provide a report to the Commission documenting the compliance status of each EDC and EGS. EDC's and EGS's are also to be notified of their compliance status. The report should identify the needed quantity of credits for the concluded reporting year, and the actual amount of certified credits acquired for the period. EDCs and EGSs who have fallen short of the needed alternative energy credit will use this report to

determine how many additional credits they need to acquire during the true-up period.

**Contractors should propose a protocol that provides for the timely and cost-effective verification of EDC and EGS compliance with the minimum portfolio requirements. Creative solutions that would provide for verification more quickly than the 45 day period suggested in the proposed regulation are acceptable.**

**For example, an acceptable proposal would be to measure compliance against all meters read within the twelve month reporting period. This would result in some metered sales for the month of May, where meters not being read until June, being counted against the following reporting years compliance obligation. Other options may be suggested.**

**The protocol may utilize GATS functionality, data requests to EDCs and EGSs, data available from other state and federal agencies, etc.**

2. Geographic Scope Limitation: The Commission has ruled that credits awarded for electric generation from outside of Pennsylvania may only be used to satisfy the compliance requirements for EDC territories that lie within the same RTO control area. For example, the credits associated with a MISO generation plant in Wisconsin could only be used to meet the compliance obligations of the Pennsylvania Power Company, an EDC that lies in the MISO control area, or an EGS serving retail customers in that territory. The Duquesne Light Company, whose territory lies in the PJM control area, could not use the credits associated with this Wisconsin facility.

Conversely, the credits associated with a generation plant in Delaware, which lies in PJM, could not be used by the Pennsylvania Power Company for compliance purposes. The Pike County Light & Power Company, which belongs to neither PJM nor MISO, cannot use any alternative energy credits associated with out of state generation.

**The contractor should propose a protocol that will allow them to timely and cost-effectively verify that EDCs and EGSs do not use GATS certificates from inappropriate geographic areas to meet their portfolio compliance obligation. The protocol may utilize GATS functionality, data requests to EDCs and EGSs, data available from PJM, MISO, etc.**

3. Banking restrictions. The Act allows EDCs and EGSs to bank alternative energy credits acquired in one year, for compliance in

later years. There are statutory restrictions on how long a credit may be banked. Alternative energy credits not used within the acceptable time period may not be used for compliance purposes.

Alternative energy credits purchased by an EDC during its cost-recovery period must be used within two years of the expiration of that period. The Commission's proposed rulemaking order of July 2006 interprets this requirement as limiting these credits use to within the first two, full reporting periods that occur after an EDC's cost-recovery period.

Alternative energy credits purchased by an EDC or EGS after the cost-recovery period expires must be used for compliance purposes in that reporting period, or one of the two immediately following reporting periods.

**The contractor should propose a cost-effective protocol for ensuring that banked credits are only used for the appropriate reporting periods. The protocol may utilize GATS functionality, data requests to EDCs and EGSs, etc.**

**D. Calculation of the level of alternative compliance payments for EDCs and EGSs.**

The Act provides for a 90 day true-up period that follows the conclusion of each reporting period. The true-up period is an opportunity for EDCs and EGSs to remedy non-compliance at the end of the reporting period without suffering a penalty. At the end of the true-up period, the administrator will review the compliance status of those EDCs and EGSs who fell short of meeting the minimum portfolio requirements for the recently concluded reporting period. If an EDC or EGS still has not obtained sufficient alternative energy credits to meet the minimum requirements of the recently concluded reporting period, they will be deemed non-compliant.

Non-compliant EDCs and EGSs are required to submit an alternative compliance payment to the Commission. This payment is equal to \$45 for each non-solar photovoltaic alternative energy credit that the EDC or EGS was deficient in obtaining. For the solar photovoltaic requirement, the payment is equal to 200% of the market value for credits traded in the service territory of the RTO where the non-compliance occurred.

The administrator will calculate an alternative compliance payment amount for those EDCs and EGSs that failed to meet their obligations. Calculation of solar photovoltaic compliance payments will require a review of pricing data for the completed year. The administrator should notify each EDC and EGS of their alternative compliance payment amount, and include an explanation of how this figure was determined. The administrator should submit a report to the Commission regarding

these amounts. This process was addressed in more detail in the proposed rulemaking order issued on July 20, 2006.

An EDC or EGS may challenge the level of alternative compliance payments, and appeal from the administrator's decision consistent with 52 Pa. Code § 5.44. These questions will be referred to the Office of Administrative Law Judge as may be appropriate for hearings. The administrator may need to provide testimony and documentation at this hearing. The Commission will provide legal counsel to the administrator, as necessary, for this proceeding.

**Contractors should propose a protocol for the timely and cost-effective calculation of alternative compliance payment amounts and notification of EDCs and EGSs, consistent with the draft regulations proposed in July 2006. The protocol may utilize GATS functionality, data requests to EDCs and EGSs, etc.**

**E. Verification of alternative energy system status and performance.**

It is important that alternative energy credits only be awarded to those systems that utilize appropriate fuels and technologies, and in amounts that accurately reflect the generation or energy conservation associated with those systems. The administrator will need to perform the following verification functions:

1. Large generators: This includes those generation facilities that interconnect directly with the transmission system managed by PJM and MISO.

GATS will create certificates for PJM located facilities based on metered data available from the PJM Market Settlement System. Accordingly, the administrator will not be expected to verify these facilities' metered output.

A separate issue exists for MISO located facilities, as GATS will not receive directly reported metered data for these facilities unless the energy is imported into PJM. The Commission will permit MISO generators that have qualified for alternative energy system status to directly report their metered data into GATS, without first submitting it to the program administrator. However, the data from these "external generators", as GATS describes them, must be verified.

**The contractor should propose a protocol for verifying the metered data of MISO located, large, alternative energy systems that do not import their energy into PJM. This may include the utilization of documentation provided by the generator, information from MISO, existing technologies, etc.**

The administrator will not conduct an on site inspection of these large facilities before reviewing and processing an application for alternative

energy system status. However, the Commission wishes to ensure that large alternative energy systems are utilizing appropriate fuel sources and technologies, and that their generation output is appropriately measured.

For example, some large generation facilities that interconnect directly with the transmission system managed by PJM and MISO rely on more than one alternative energy source or technology. The secondary fuel type may not represent an alternative energy source. The Commission must ensure alternative energy credits are not being awarded for this non-alternative energy generation.

**Contractors should propose a protocol for a cost-effective and thorough investigation of ten large alternative energy systems for each year of the contract. At least one alternative energy system must be of the dual-fuel variety. The contractor may make recommendations regarding which types of large systems it should focus its verification activities on. This verification protocol may include site visits, the use of subcontractors, requests for documentation, etc. The administrator may assume that the Commission will revoke the alternative energy system status of any facility that fails to cooperate in the investigation.**

2. Customer-generators. This includes those alternative energy systems that are net metered and interconnected with a EDCs distribution system.

The Act allows customer-generators with interconnected and net metered alternative energy systems to earn alternative energy credits. The Act provides that all alternative energy systems must include a meter to record cumulative electric production, so that alternative energy credit value can be determined. 73 P.S. § 1648.3(e)(3). The Commission's objective is to have all alternative energy credit production verified by a meter within the reasonably near future. This may require the installation of a second meter in some customer-generator locations.

Please note that this is a separate requirement from the Commission's net metering and interconnection regulations. The Commission's, final proposed net metering regulations allow for either a single, bi-directional meter, or two separate meters. This is an acceptable approach for measuring customer demand and excess electricity production. However, a second meter may be required to verify alternative energy system generation or conservation.

The administrator will conduct a site inspection of 10% of those behind the meter systems that apply for alternative energy system status to verify that appropriate fuel/technologies are being utilized.

**Contractors should propose a protocol for a timely and cost-effective site inspection. This protocol may include the use of**

**subcontractors. The administrator may assume that the Commission will deny the application of any party that fails to render full cooperative with the site inspection.**

The administrator will also need to verify that customer-generators are awarded appropriate credit values for their generation. It is the Commission's expectation to require the use of metered data for all customer-generators by a certain date. As noted above, some customer-generators presently do not have separate meters to verify production value. Until all behind the meter systems are separately metered, the administrator will need to verify data for alternative energy systems that rely on both engineering estimates and separate meters that verify alternative energy credit production value.

**Contractors should propose cost-effective protocols for obtaining accurate data for customer-generators. Two different approaches should be described, as the Commission has not made a final decision on which method to utilize.**

**One approach involves self-reporting by the customer-generator, or utilization of conservative engineering estimates, which would not require the installation of any technology for collecting and transmitting metering data to the administrator.**

**The second approach would involve a technology approach that would allow the administrator to obtain remote reads of the customer-generator's meter. The contractor may assume that the customer-generator would bear the cost of the installation of the necessary technology to allow remote reads.**

The administrator will also need to conduct follow-up site visits to some approved customer-generators as part of the verification process. The focus will be on the appropriate use of technology and verification that the meter is functioning properly. This process will involve 10 customer-generator locations per each year of the contract. These 10 visits will include at least one inspection for each fuel or technology type that customer-generators in Pennsylvania are using. If all customer-generators are using either solar photovoltaic or biomass, then the 10 visits must include at least 1 visit to each type of resource.

**Contractors should propose a protocol for a cost-effective and thorough site-visit. This verification protocol may include the use of subcontractors, requests for documentation, etc. The administrator may assume that the Commission will revoke the alternative energy system status of any customer-generator that fails to cooperate in the site visit.**

3. Demand side management and energy efficiency programs. This includes those programs and technologies that result in the conservation of electricity. The Commission's expectation is that all reported savings

will be reported first to the administrator. The administrator will then verify the data before creating certificates in GATS.

**The contractor should propose a cost-effective protocol for verifying energy efficiency and demand side management measures before GATS certificates are awarded. The administrator will use the Commission's approved technical reference manual for measures covered in that document.<sup>4</sup>**

**For custom measures, the contractor should propose a cost-effective protocol for verifying efficiency and conservation measures. The protocol may use existing or new technology applications, document requests, site visits, the use of subcontractors, etc.**

**F. Support services.** The administrator will need to provide certain support functions to alternative energy system operators, EDCs, and EGSs:

1. Website – The administrator will maintain a public internet domain on the World Wide Web. This Website will have the following attributes:
  - a.) A section describing the administrator and its functions in implementing the Act, and its relationship to the Commission.
  - b.) Contact information for the administrator, including a mailing address, email address, facsimile number, and telephone number.
  - c.) A section including hypertext links to the Commission, DEP, PJM-EIS, and other sites as the Commission may specify.
  - d.) A frequently asked question section for common inquiries that may be made by owners of alternative energy systems, customer-generators, EDCs and EGSs.
  - e.) A section documenting prices for alternative energy credits. Monthly pricing data for alternative energy credits by resource type, Tier type, and a combined resource credit price should be available for public inspection.
  - f.) Customer-generator account system. The Commission does not expect that many customer-generators will register their alternative energy systems with GATS and manage their accounts there. The website should therefore include functionality that will allow customer-generators to view the credited production of their approved alternative energy system. This feature will require a customer-generator to login and provide a password to access their accounts. The account should include information regarding the alternative energy system, including the alternative energy source type, date qualified by the administrator, cumulative production credited to that system, credits sold, and total credits available

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<sup>4</sup> Available at <http://www.puc.state.pa.us/PcDocs/569133.doc>

for sale. The administrator will need to have a mechanism by which it obtains the price paid for a customer-generator's alternative energy credits by an EDC, EGS or other aggregator/marketer.

- g.) Public list of qualified alternative energy systems. A publicly available list of qualified alternative energy systems that identifies the resource type, location, nameplate capacity and Pennsylvania state certification number. This list should be updated monthly.
  - h.) Private list of contact information for alternative energy systems. This list will allow aggregators and marketers a means of contacting alternative energy system owners, and in particular customer-generators. This list will include contact information such as mailing address, telephone number, fax number and email address. An aggregator or marketer will need to register with the program administrator to have access to this list. Registration would require adherence to terms of use to be developed by the Commission, DEP and the administrator. This list should be updated monthly.
2. Help Line. The administrator will maintain a phone line for questions from alternative energy system operators, EDCs, and EGSs. The line should be open from 8:00 am Eastern Standard Time, to 6:00 pm, Eastern Standard Time, Monday through Friday, excluding federal holidays.
  3. Newsletter. The administrator will distribute a quarterly newsletter to qualified alternative energy systems, EDCs, and EGSs. The newsletter will be distributed by electronic mail, and also be available for public inspection on the administrator's website. The newsletter will document the following activities that have occurred during the quarter:
    - Revocations or suspension of alternative energy system status.
    - Newly approved alternative energy systems.
    - Site inspections of alternative energy systems
    - Changes in the administrator's policies, procedures, contact information, etc.

**Contractors should propose a cost-effective, user friendly means of offering these website and helpline services. Contractors may utilize customized or off-the-shelf systems to provide these support functions.**

#### **IV-5. Reports and Program Control.**

The Commission expects that there will be regular contact between the contractor and Commission/DEP staff. The chosen contractor will designate a program manager who will receive all correspondence from the Commission/DEP, and be responsible for signing off on all reports provided to the Commission/DEP. Periodic oral and written reports will be necessary in addition to the frequent informal contact

between the contractor's staff and the Commission/DEP staff. These reports, as well as other documentation required from the contractor, are described below.

Working papers, including appropriate supporting data, will be retained by the contractor for the duration of the contract. During this period, the working papers (hard copy and/or electronic) will be turned over to the Commission/DEP if requested. Working papers will be retained for at least one year beyond the expiration of the contract.

In order to manage this project efficiently, personal computers will be used by the contractor and the staff of the Issuing Office. The contractor should select the hardware and software necessary for the provision of these services. Reports and other documentation should be provided in formats used by the Commission and DEP's information systems, including Microsoft Office Word, Microsoft Office Excel, Microsoft Office PowerPoint, Adobe Reader, etc.

The contractor will provide the following reports to the Commission and DEP and attend the following meetings with the Commission and DEP. All reports are to be considered confidential unless authorized for release.

1. Weekly Informal Reports – During the first year of the contract, the administrator and Commission/DEP staff will have a weekly conference call to address issues, questions, etc. that have come up in the course of the administrator's duties. During the second and subsequent years of the contract, a conference call will be held every two weeks.
2. Monthly Written Status Reports – Based on the task plan submitted with the proposal, the monthly reports should consist of the following parts:
  - A. Alternative energy system applications: This section should identify all applications received within the month. Data should include alternative energy source type, the location of resource, and the status of the application.
  - B. Alternative energy system site visits: This section should document all site visits conducted in order to verify alternative energy source utilization and overall generation/conservation levels. Data should include the name and location of the alternative energy system, including the unique Pennsylvania state certification number. Findings and recommendations for additional action, if needed, should be included.
  - C. Customer-generator assistance: This section should document the number of inquiries received by customer-generators regarding application for alternative energy system status, account balances, verification, etc. This report should help the Commission, DEP and the administrator identify obstacles to customer-generator participation in the market, and opportunities for improvement.
  - D. Miscellaneous: Other activities not addressed above, or that may be later identified by the contractor, Commission, or DEP during the term of the contract.

Monthly reports should be delivered to the Commission/DEP by the 5<sup>th</sup> working day following the month's end and shall be submitted for each month worked.

3. Quarterly meetings with Commission and DEP staff - The contractor's program manager and other appropriate staff will meet with relevant Commission and DEP staff at the Commission's Harrisburg Offices on a quarterly basis, as determined by the Commission. The purpose of the meeting will be to review activities undertaken by the administrator over the previous quarter and the expenses incurred. The Commission and DEP will offer evaluation of administrator performance over the previous quarter. Evaluation will address timeliness of activities, concerns and criticisms raised by third parties, cost-effectiveness of performance, etc.

4. Annual report - The contractor will provide an annual report to the Commission and DEP that will be due 30 days after the conclusion of the true-up period. The annual report will aggregate all the information provided in the twelve monthly reported provided for the just concluded reporting period.

5. Alternative energy credit pricing - The Act requires that the Commission maintain or designate a registry that will record the price paid for each alternative energy credit. The Commission has designated PJM-EIS's GATS to serve as that registry. In the regulations issued on July 20, 2006, the Commission requires that EDCs and EGSs record the price paid for each alternative energy credit in GATS. The Commission is to make some level of pricing information available to the Pennsylvania General Assembly, and the public.

The Commission anticipates providing information on aggregate prices for all EDC and EGS transactions. An aggregate price will be reported for all credit transactions, and be broken out by Tier and resource type. Reports will document price changes on at least a monthly basis. Individual credit prices are to be treated as confidential information, and may not be released to any party without Commission authorization. Pricing information will be available through the administrator's website, as described in the support services section above, and included in the annual report referenced above.

The Commission will also need to know credit pricing information as part of making force majeure determinations. The Commission will make a separate force majeure determination for Tier I non-solar photovoltaic, Tier II, and solar photovoltaic resources prior to each reporting year. The administrator will need to document credit prices over a six month period to allow the Commission to make such a determination.

**The contractor should propose a protocol for the cost-effective and timely assembly of credit pricing information. The protocol may utilize GATS functionality, data requests to EDCs and EGSs, and other information sources.**

# **APPENDIX A**

## **STANDARD TERMS AND CONDITIONS**

<http://www.dgs.state.pa.us/dgs/lib/dgs/forms/comod/procurementforms/std274.doc>

# **APPENDIX B**

## **Glossary**

### **Glossary of Terms and Acronyms**

Act – The Alternative Energy Portfolio Standards Act of 2004, 73 P.S. § 1648.1, et seq.

Alternative energy source – A fuel source, technology or program whose use allows an applicant to qualify an electric generation facility, technology or program for alternative energy system status.

Alternative energy credit – A tradable instrument used to verify compliance with the Act. It represents one megawatt hour of electric generation or conservation from a qualified alternative energy system.

Alternative energy credit program administrator – An independent party retained by the Commission to perform necessary administrative functions as part of the implementation of the Act.

Alternative compliance payment - A payment made by an EDC or EGS for non-compliance with the minimum portfolio requirement for a reporting period. Alternatively, a payment made in lieu of compliance with the portfolio requirement for a given reporting period when the Commission has made a finding of force majeure. An alternative compliance payment is equal to \$45 per alternative energy credit for non-solar photovoltaic resources.

CEEP – The Commission’s Bureau of Conservation, Economics, and Energy Planning.

Commission - The Pennsylvania Public Utility Commission.

Commonwealth – The Commonwealth of Pennsylvania

Contractor – The party chosen to serve as the alternative energy credit program administrator for the term of the contract.

Customer-generator – A retail electric customer with a qualified alternative energy system that is interconnected and net metered.

DEP – The Pennsylvania Department of Environmental Protection.

EDC – Electric distribution company.

EGS – Electric generation supplier.

Force majeure – A finding made by the Commission that alternative energy resources are not reasonably available in sufficient quantities for EDCs and EGSs to meet the minimum portfolio requirements for a particular reporting period.

GATS – PJM-EIS’s Generation Attributes Tracking System.

Issuing Office – The Commission’s Bureau of Conservation, Economic, and Energy Planning. The Commission Bureau responsible for issuing this RFP, and reviewing and evaluating responses. The Commission’s point of contact regarding this RFP.

MISO – Midwest Independent System Operator, Inc. MISO is an RTO that has been approved by the Federal Energy Regulatory Commission. [www.midwestiso.org](http://www.midwestiso.org).

PJM – PJM Interconnection, LLC. PJM is an RTO that has been approved by the Federal Energy Regulatory Commission. [www.pjm.com](http://www.pjm.com).

PJM-EIS – PJM Environmental Information Services, Inc. PJM-EIS is a for profit subsidiary of PJM that maintains and operates GATS.

Commission – The Pennsylvania Public Utility Commission.

Reporting period – A twelve month period, from June 1 through May 31 of the following year, over which compliance with the minimum portfolio requirements is measured for EDCs and EGSs.

RFP – Request for proposal.

RTO – Regional transmission organization.

State – The Commonwealth of Pennsylvania.

True-up period – A ninety period that begins at the end of reach reporting period. During this period EDCs and EGSs may attempt to acquire additional alternative energy credits to satisfy their obligation for the just concluded reporting period.

# **APPENDIX C**

## **Resource Qualification Process**

