

**BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Written comments of Iberdrola Renewables,  
Inc.**

**Docket No. M-2009-2093383**

**RE: Implementation of Act 129 of 2008  
Phase 4 – Relating to the Alternative Energy  
Portfolio Standards Act**

**Secretary James J. McNulty  
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*Via electronic mail: [kribrown@state.pa.us](mailto:kribrown@state.pa.us)  
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Introduction

Iberdrola Renewables, Inc. (“IBR”) thanks the Commission for the opportunity to provide comments regarding “Implementation of Act 129 of 2008 Phase 4 – Relating to the Alternative Energy Portfolio Standards Act. IBR is a renewable energy developer, currently primarily focused on on-shore wind development. The company currently solely owns and operates three wind farms in Pennsylvania, including Casselman (Somerset 34.5 MW) Locust Ridge I (Schuylkill 24 MW) and Locust Ridge II (Schuylkill 102 MW). IBR is also part owner of the Bear Creek wind farm in Luzerne County. The company continues to develop a robust pipeline of wind energy projects in the state and is committed to helping the Commonwealth meet its renewable energy goals.

IBR’s wholly-owned subsidiary, Community Energy, Inc., partners with PECO Energy and West Penn Power to offer green pricing options to residential and small business customers.

IBR is actively engaged in REC trading nationally and has participated in both PECO Energy Alternative Energy Credit (“AEC”) auctions. Our east coast development headquarters, which employs approximately 80 people, is located in Radnor, Delaware County. The company is an active member of Pennsylvania’s renewable energy business community and regards the implementation of the Alternative Energy Portfolio Standards Act (“AEPS”) as paramount to its continued business interests in the Commonwealth.

Pennsylvania’s AEPS became law on November 30, 2004. In the following years, market participants have learned a great deal regarding portfolio standard best practices. Our experiences as a national on-shore wind developer and renewable energy credit<sup>1</sup> market participant have informed our views on this matter. In order for portfolio standards to encourage renewable energy investments at the lowest costs it is imperative that they possess the key features of any well-functioning market: consistent, transparent rules which enable parties to confidently transact.

Act 129, if not properly implemented could hamper renewable energy transactions in Pennsylvania by creating uncertainty regarding electric distribution company (“EDC”) and electric generation supplier (“EGS”) obligations to purchase AECs to meet the AEPS mandate. IBR commends the Commission on a tentative order that addresses the potential challenges of uncertainty and transparency through frequent and consistent reporting requirements and web postings. While IBR generally agrees with the tentative we do offer two issues for the Commission’s consideration as it proceeds to a final order.

Issue #1: The Commission and the Program Administrator (Clean Power Markets) should work directly with the PJM-GATS administrator to ensure that the timing for creation of eligible non-

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<sup>1</sup> Renewable energy credit refers to the generic term for tradable credits used to meet the requirements of a portfolio standard. Most state portfolio standards refer to these “credits” as renewable energy credits or (“RECs”) in Pennsylvania they are referred to as alternative energy credits or (“AECs”).

solar Tier I GATS certificates from newly eligible sources is consistent with the first date on which the Commission adjusts the non-solar Tier I percentages pursuant to Act 129.

As the proposed rule notes, Section 2814 of Act 129 "...states that no new qualifying low-impact hydropower or biomass facilities 'shall be eligible to generate Tier I alternative energy credits until the Commission has increased the percentage share of Tier I to reflect these additional sources.'"

Issue #2: Because newly eligible sources may sell AECs to brokers or 3<sup>rd</sup> party suppliers, such as EGSs, that do not plan to use the AECs for their own compliance but to resell them it will be impossible to determine whether individual AECs from newly eligible sources are ultimately used for Pennsylvania non-solar Tier I compliance, compliance with other states portfolio standards, or sold to the voluntary market.

As a result, and for simplicity and certainty, we recommend that the Commission adjust the non-solar Tier I compliance requirement by the total eligible non-solar Tier I generation from newly eligible facilities. The Commission recognizes in the tentative order that it was, in the tentative order's words, "...the intent of the General Assembly that the addition of any new Tier I resources have neutral impact on the value of Tier I credits." We agree with this reading of the General Assembly's intent, but emphasize that in our view the General Assembly specifically asked the Commission to adjust non-solar Tier I percentages so that investments in non-solar Tier I resource development would not be negatively impacted by newly eligible sources non-solar Tier I AECs depressing non-solar Tier I AEC prices and making investments in non-solar Tier I investments uneconomic. Because the Commission cannot ascertain with certainty the final disposition on non-solar Tier I AECs from newly eligible sources it is essential that all

newly eligible non-solar Tier I generation be counted in the quarterly calculations – otherwise the objective of protecting non-solar Tier I investments will be jeopardized.

Conclusion

Iberdrola Renewables thanks the Commission for its efforts to implement the Alternative Energy Portfolio Standards Act and specifically for its work in crafting this tentative order. We look forward to a continued dialogue with the Commission on this matter specifically and on AEPS implementation generally. If you have questions regarding these comments please contact me at 484-654-1887 or [ethumma@iberdrolausa.com](mailto:ethumma@iberdrolausa.com)

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'ETH', is written over a horizontal line.

Eric Thumma  
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