

Alternative Energy and Economic Development in Pennsylvania

Alternative Energy Portfolio Standards Act

The Pennsylvania Public Utility Commission (PUC) actively has been implementing the Alternative Energy Portfolio Standards (AEPS) Act, which was designed to foster economic development, encourage reliance on more diverse and environmentally friendly sources of energy.

Generally, AEPS requires that a certain percentage of all electric energy sold to retail customers be derived from alternative energy sources such as solar, wind, hydropower, geothermal, biomass, waste coal and demand side management resources. The law applies to both electric distribution companies (EDCs) and electric generation suppliers (EGSs) who must demonstrate their compliance on an annual basis.

The level of alternative energy required gradually increases according to a fifteen year schedule, calling for an 8 percent benchmark for Tier I resources, which includes a .5 percent solar requirement, and a 10 percent benchmark for Tier II resources by 2020. While AEPS does not mandate exactly which resources must be utilized and in what quantities, certain minimum thresholds must be met for the use of Tier I, Tier II, and solar photovoltaic resources.

Tier I resources include solar thermal, wind, low-impact hydropower, geothermal energy, biologically derived methane gas, fuel cells, biomass and coal mine methane. Tier II resources include by-products of pulping, wood manufacturing, waste coal, distributed generation systems, demand side management, large-scale hydropower, municipal solid waste, and integrated combined coal gasification technology.

Alternative Energy Credits (AECs)

AEPS requires that retail energy suppliers utilize AECs/certificates for demonstrating compliance with the standard. An AEC is created each time a qualified alternative energy facility produces 1,000 kWh of electricity. The AEC is then sold or traded separately from the power. This makes it easier for individuals and businesses to finance and invest in alternative energy.

Clean Power Markets Inc. has been designated as the PUC's credit administrator of this program. More information is available on the PUC website at www.puc.state.pa.us. Click on Electricity then AEPS. The website includes information such as:

- The application and registration of alternative energy facilities that qualify for the AEPS program;
- Assistance in the management of AECs produced by small customer-owned generators and energy efficiency measures; and
- Facilitation of trade of AECs for customer-owned generators and energy-efficiency measures through a regional bulletin board.

Generators must submit an application to be qualified as an alternative energy facility under this program. Once the application is approved, customer-generators can generate AECs.



For alternative energy facilities that are linked to the PJM Interconnection or the Midwest Independent System Operator (MISO) transmission system, AECs will be deposited directly into the facility's PJM Generation Attribute Tracking System (GATS) account once the application has been approved and the facility has been accepted into the program. GATS, an online information database, is used to track compliance with the Act. For facilities that are not interconnected to the transmission system (primarily customer-owned systems and energy efficiency/demand-side management measures), AECs can be managed through the GATS website.

GATS provides a customer-owned generator, such as a small solar, wind, or landfill gas facility, a means by which to track AECs. A facility must create an account and submit an application in order to receive a certification number. All certificates are created in the PJM-GATS system and traded within that platform, and a facility therefore will need an account within the PJM-GATS system as well.

If a facility is represented by an aggregator, the aggregator may opt to establish this GATS account. After an account has been created on the GATS website, a bulletin board is available to advertise AECs that have been issued. All transactions will be conducted through the PJM-GATS website, which will help facilitate the sale of AECs to electric suppliers who are required to purchase clean energy AECs under the Pennsylvania AEPS program.

Customer-Generators

Another major component of AEPS includes directions for how small customer-generators who use technologies such as solar panels, fuel cells or biodigesters can connect to the electric distribution system. The PUC has developed "interconnection standards" that work in conjunction with "net-metering standards" to simplify and regulate the manner in which customer-generators work with utilities.

Customer-generators must apply to the EDC in order to be connected to the utility's system. Information on technical contacts may be found at http://www.puc.state.pa.us/electric/pdf/AEPS/EDC_Interc_Tech_Contacts.pdf. Additional information on interconnection standards and net-metering standards can be found on the PUC website at www.puc.state.pa.us.

If you are a customer-generator who has signed up for net metering with your utility, and you choose to shop for an alternate electric generation supplier (EGS), you will no longer receive credits from the utility after switching to an EGS. The utility will provide you with a final credit for any energy you produced prior to the switch. Prior to enrollment with an EGS, net metering/renewable service customers should contact prospective EGSs to find out if these EGSs offer any credits for energy produced.

For further information, contact the Public Utility Commission:

Write

PA Public Utility
Commission Bureau
of Consumer Services
P.O. Box 3265
Harrisburg, PA 17105-3265

Call

1-800-692-7380
For people with speech
or hearing loss, dial 7-1-1
(Telecommunications Relay
Service)

Visit our website

www.puc.state.pa.us

