



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE

December 20, 2005

Implementation of the Alternative Energy
Portfolio Standards Act of 2004

Docket No. M-00051865

Re: Interim Process for Qualification of Alternative Energy Systems

The Alternative Energy Portfolio Standards Act of 2004 (the “Act”), 73 P.S. §§ 1648.1 – 8, measures compliance in quantities of alternative energy credits, which equal one megawatt hour of generation from a qualified alternative energy system. 73 P.S. § 1648.2. The Commission issued a Secretarial Letter on September 20, 2005, in which it addressed the qualification of alternative energy systems in Pennsylvania.

The Commission stated in this letter that it was considering the adoption of the Generation Attribute Tracking System (“GATS”), owned by PJM Environmental Information Services, Inc., (“PJM-EIS”) as the alternative energy credits registry.¹ The Commission is to use a credits registry to track the creation, transfer and sale of alternative energy credits. 73 P.S. § 1648.3(e)(8). GATS can create a certificate that represents the alternative energy attributes of one megawatt hour of generation, and can record the sale, transfer and retirement of these certificates. The Commission recently entered a Tentative Order designating GATS as the credits registry required by the Act. *Implementation of the Alternative Energy Portfolio Standards Act of 2004: Designation of the Alternative Energy Credits Registry*, Docket No. M-00051865 (Order entered October 28, 2005). After it completes its review of the comments filed in response to this Tentative Order, the Commission will issue a final order that may confirm GATS as the credits registry.

The Act also provides that alternative energy credits may be created for all qualified generation dating from its effective date, February 28, 2005. GATS began creating certificates for generation produced since that date for all PJM facilities that registered by the end of September 2005. Behind the meter generators and generators external to PJM must be qualified for Pennsylvania’s alternative energy portfolio and registered with GATS by January 31, 2006, in order to have certificates created for their 2005 activities.

Pending a final determination on a credits registry, qualification standards for alternative energy systems, and standards for the certification of alternative energy credits, the Commission wishes to provide generators with the opportunity to obtain GATS certificates for their 2005 generation activities. While compliance with the Act is not actually required until February 28, 2007, credits may be created and banked for later use for any qualified generation that took place on or after February 28, 2005. 73 P.S. § 1648.3(e)(7). Accordingly, the Commission and the

¹ www.pjm-eis.com

Pennsylvania Department of Environmental Protection (“DEP”) will be adopting the following interim qualification procedures.

DEP and the Commission have reviewed materials prepared by PJM-EIS that identifies many generation facilities in the PJM Interconnection, LLC (“PJM”) control area that use alternative energy sources. DEP and the Commission find that these resources satisfy the standards of Act, and will therefore tentatively qualify them as “alternative energy systems.” The attached spreadsheet identifies these resources and provides each one with a unique Pennsylvania certification number, which includes the tier and fuel source of the facility.

The owners of these facilities should review the information associated with their facility for its accuracy, and advise DEP and the Commission of any errors contained therein. Any requests for changes to the tentative qualification of these facilities should be submitted to the Commission and DEP by January 16, 2006.

Generation facilities that do not appear on this list will have the opportunity to be qualified as alternative energy systems as part of this process. This would include facilities outside the PJM control area, behind-the-meter generators, and any other PJM located facilities that were not included on this list. Owners of these facilities should review the attached application form and its instructions, and submit a complete application to DEP and the Commission by January 16, 2006.

DEP and the Commission will review any requests for changes and applications for qualifications received by close of business, January 16, 2006. DEP and the Commission will make a determination on the qualification of these systems, and advise facility owners and PJM-EIS by January 23, 2006. Qualified alternative energy systems that have not already been registered with GATS should do so at that time. The responsibility to register with GATS lies with the generator, not DEP or the Commission. Registration is subject to terms and conditions established by PJM-EIS.

Parties should be cognizant of the limited scope of this process. The Commission intends to issue a tentative order on alternative energy system qualification and credit certification standards and processes for public comment in January of 2006. The interim process announced today is for the limited purpose of allowing generators to acquire GATS certificates for their 2005 generation activities. The Commission will later review these GATS certificates to determine whether they meet the final, adopted standards for the creation of alternative energy credits.

Sincerely,

James J. McNulty
Secretary

Attachment

Resource Qualification Application

Pennsylvania Alternative Energy Portfolio Standard

Instructions

1. Act 213 of 2004, The Alternative Energy Portfolio Standards Act, requires that the Pennsylvania Department of Environmental Protection (“Department) ensure that all qualified alternative energy sources meet all applicable standards and verify that an alternative energy source meets the eligibility standards set forth in section 2 of the Act.
2. A facility using the following fuels as either their primary or secondary fuel must provide this report to the Department on an annual basis. Fuels include: biomass, coal-mine methane, waste coal, municipal solid waste, by-products of the pulping process and wood manufacturing process, coal used in an Integrated Combined Coal Gasification power plant. Forms shall be provided to the Department annually by May 1.
3. Facilities using the following fuels shall provide this report to become qualified as eligible to generate alternative energy credits. This report shall also be provided when existing environmental permits are required to be reauthorized. Fuels include: solar photovoltaics, wind power, low-impact hydropower, geothermal energy, biologically derived methane gas, large-scale hydropower, fuel cells, and industrial by-product technologies.
4. Facilities seeking to qualify as **Low-Impact Hydropower**: Those facilities should notify the Department that they are seeking LIHI certification at the time of their application to LIHI and provide the Department with confirmation of their LIHI certification. Those facilities should provide a narrative outlining the incremental upgrades that have been made at their hydroelectric facility, specifically outlining the capacity and efficiency upgrades that have been made. Alternative energy credits for facilities determined to meet the certification standards established by LIHI will be awarded based on the guidance found in the Department’s Section 2 Technical Guidance Document.
5. The Department and the Commission will provide responses to applications consistent with the schedule identified in the attached Secretarial Letter

Standard Generator Information

Plant Name EIA-860: _____

Plant Address: _____

MSET Plant Name Short: _____

MSET Unit ID: _____

State: _____ **RTO:** _____ **Date Online:** _____

ORISPL Plant Code: _____ **Gen ID:** _____

Primary Fuel: _____ **Secondary Fuel:** _____

State Certification Number (Official Use Only): _____

Environmental Compliance Certification

Please list all Federal and State Environmental Permits, the date those permits were authorized and the dates they expire and/or require renewal

Permit <u>Type</u>	Permit <u>Number</u>	Date <u>Authorized</u>	Expiration <u>Date</u>	Agency <u>Contact</u>
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If a major environmental violation did occur please provide a detailed explanation of the violation, including the date of the violation and the date it was remedied. Please provide a contact at the appropriate state or federal environmental agency.

This form should be provided electronically to the Department at the following:

Joe Sherrick

josherrick@state.pa.us

Subject Line: AEPS Resource Qualification Application.

Questions:

Joe Sherrick

Office of Energy and Technology Development

josherrick@state.pa.us

717-772-8944

Eric Thumma

Office of Energy and Technology Development

ethumma@state.pa.us

717-783-0542