

Building PA's Solar REC Market

Susan P. LeGros
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Understanding Your Business Is Our Business

Alternative Portfolio Standards Act

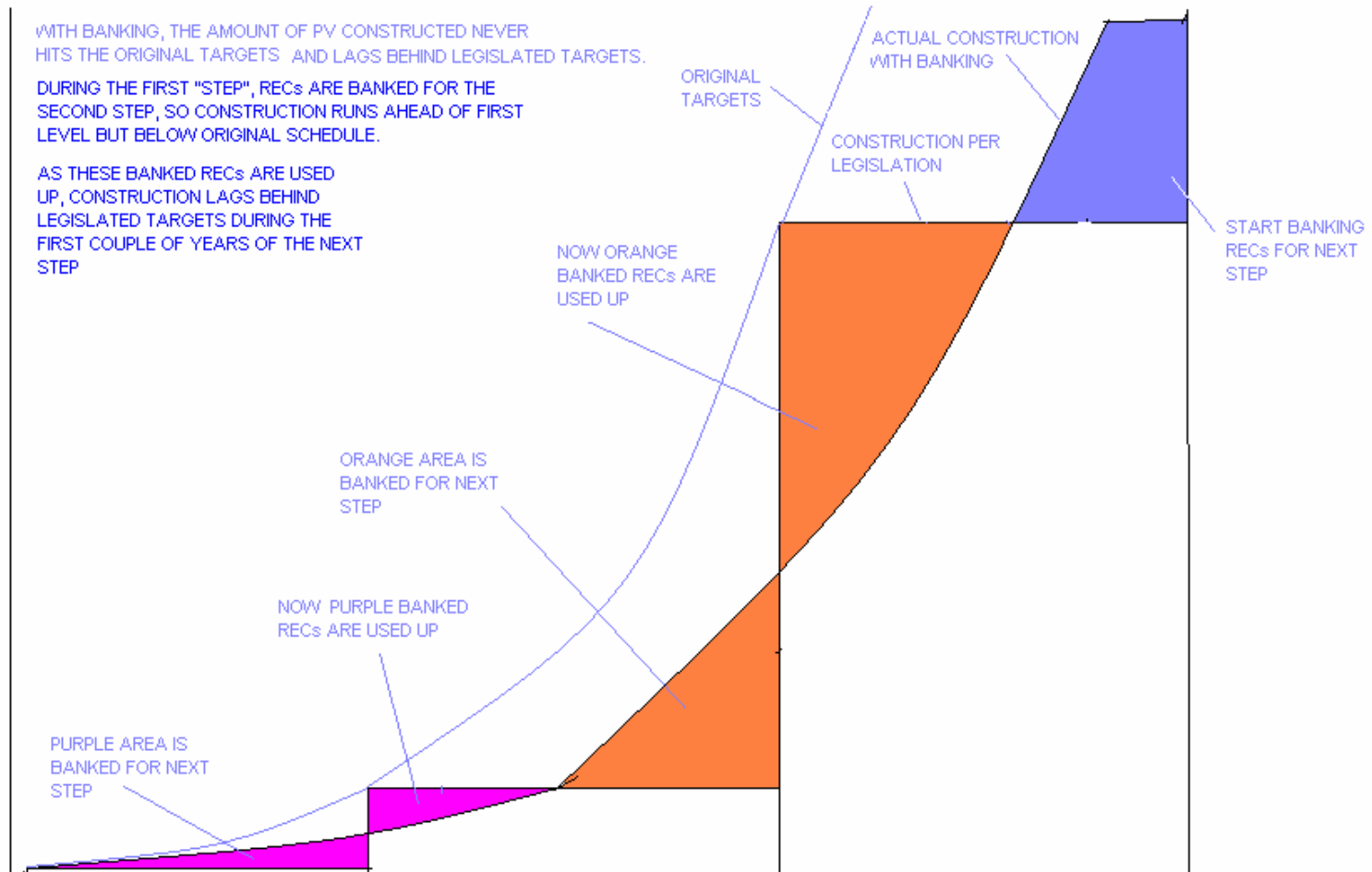
- Recoverable costs for:
 - Purchase of electricity generated from alternative energy sources
 - Payments for alternative energy credits

Solar Requirements

Effective Date: February 2005

<u>Required Solar %</u>	<u>Year</u>	<u>Required Tier I %</u>
0.0013	2	1.5
	3	2.0
	4	2.5
0.0203	5	3.0
	6	3.5
	7	4.0
	8	4.5
	9	5.0
0.2500	10	5.5
	11	6.0
	12	6.5
	13	7.0
	14	7.5
	15	8.0
0.5000		

Illustration of PA REC Targets

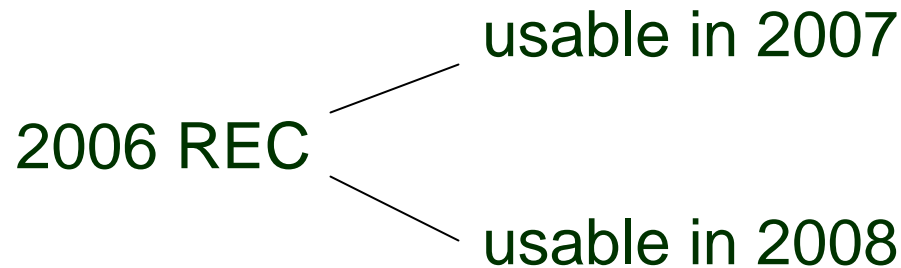


Alternative Energy Credits

- PUC shall establish a credits program
- PUC shall approve an independent entity to serve as alternative energy credits program manager. Powers include
 - Create and administer certification, tracking and reporting programs
 - Create a process for qualifying systems and determining how credits are credited, transferred and retired

Banking

- Credits may be banked to use in one or both of the two subsequent reporting years



A Solar Plan for Pennsylvania

- Critical components
 - Standard long-term contracts for REC transfer
 - Appropriate calculation of ACP levels
 - Single statewide administrator

Standardized Long-Term Contracts

- 10 years or more
- Delineates rights and responsibilities of the parties
- Reduces for PUC oversight and facilitates trading

Calculation of ACP Levels

- Solar ACP is 200% of the average value of solar renewable energy credits sold during the reporting period within the service region of the regional transmission organization
- Service region = PJM
- New Jersey rebates affect average value

Single Statewide Administrator

- Define duties
- Define process for stakeholder input
 - Ratepayers
 - Small generators
 - Utilities

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- Utilities' concerns:
 - Compliance Cost
 - Prudence and Transparency
 - Delivery Risk
 - Long-term Planning

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- Solar industry concerns:
 - Adequate Project Revenue
 - Capital Cost Reduction and Financability
 - Price Transparency
 - Low Transaction Cost
 - Compatibility with Aggregation
 - Orderly Market Growth

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- Other concerns:
 - Procurement Method
 - Legal Authority
 - Market Administration in Other States
 - Small Systems
 - Opt-Out
 - Force Majeure