

# Implementing the Pennsylvania Renewable Portfolio Standard

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# Introduction

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- PPL Electric Utilities Corporation (“PPL Electric”) is an Electric Distribution Company (“EDC”) serving central-eastern Pennsylvania.
- PPL Electric was active in supporting development of Act 213.
- PPL Electric is participating in implementation proceedings before PUC and DEP.
- I will identify and discuss seven major implementation issues currently under consideration.
- Many other important issues have been essentially resolved.

# Major Issues Currently Under Consideration

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- ❑ Interconnection standards.
- ❑ Net metering requirements.
- ❑ Alternative compliance payments.
- ❑ Force majeure.
- ❑ Definition of public utility.
- ❑ Coordination with default service.
- ❑ Long-term procurement.

# Interconnection Standards

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- Status: PUC Proposed Rulemaking Order.
  - Entered November 16, 2005.
  - Comments due 60 days after publication.
- Establishes four levels of interconnection procedures and review.
  - Apply to customer-generators intending to pursue net metering.
  - An EDC cannot impose additional interconnection standards.
- Policy Issues:
  - Support development of small generator projects.
  - Protect utility system integrity and reliability.

# Net Metering Requirements

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- Status: PUC Proposed Rulemaking Order.
  - Entered November 16, 2005.
  - Comments due 60 days after publication.
- Net Metering available for customer-generators using Tier I or Tier II alternative energy sources.
  - Single bi-directional meter or, with customer agreement, dual meters.
  - Annual payment for “excess” generation.
- Policy issues:
  - Support development of Tier I and Tier II resources.
  - Protect against bypass and utility revenue loss.

# Alternative Compliance Payments

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- Status: PUC Implementation Order II.
  - Entered July 18, 2005.
  - Comments filed September 28, 2005.
- Recovery of Alternative Compliance Payments.
  - PUC will address through force majeure mechanism.
  - PUC tentatively finds force majeure mechanism will provide adequate financial protection.
- Policy issues:
  - Support development of alternative energy market.
  - Encourage rational economic decisions.

# Force Majeure

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- Status: PUC Implementation Order II.
  - Entered July 18, 2005.
  - Comments filed September 28, 2005.
- If PUC finds force majeure exists, compliance obligations can be modified.
  - Standard is “reasonably available in the marketplace in sufficient quantities.”
  - May include a cost criterion.
  - PUC will closely study and provide guidance.
- Policy Issues:
  - Support development of alternative energy market.
  - Encourage rational economic decisions.

# Definition of Public Utility

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- Status: PUC Proposed Policy Statement
  - Entered November 16, 2005.
  - Published December 24, 2005.
  - Comments due January 23, 2006.
- PUC will consider alternative energy project not to be a “public utility” under four specific criteria.
  - Including if “any other factors” indicate an intention to service private entities.
  - Policy could be extended to other projects.
- Policy Issues:
  - Support development of alternative energy projects.
  - Protect retail customers and integrity of utility system.

# Coordination with Default Service

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- Status: PUC Order
  - Entered November 18, 2005.
  - PUC will provide notice of the schedule, scope and format for comments.
- PUC reopened public comment period for proposed default service regulations.
  - Part of its implementation of Act 213.
  - Will address cost recovery, force majeure and procurement.
- Policy Issues:
  - Statutes set forth separate obligations and requirements.
  - Implementation should be coordinated, if possible.

# Long-term Procurement

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- Status: PUC Order
  - Entered November 18, 2005
  - PUC will provide notice of the schedule, scope and format for comments.
- PUC reopened public comment period for proposed default service regulations.
  - Will consider whether long-term contracts are required for development of alternative energy resources.
  - Will consider long-term contracts for coal gasification.
- Policy Issues:
  - Encourage development of alternative energy resources.
  - Comply with “prevailing market price” standard.