

FirstEnergy

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December 13, 2006

VIA OVERNIGHT UNITED PARCEL SERVICE

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

**Re: Implementation of the Alternative Energy Portfolio Standards
Act of 2004 Docket No. L-00060180**

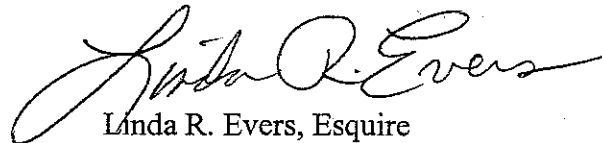
Dear Secretary McNulty:

Enclosed for filing are an original and sixteen (16) copies of Comments of Metropolitan Edison Company, Pennsylvania Electric Company and Pennsylvania Power Company (collectively, "FirstEnergy") in the above-referenced docket. Please date stamp the additional copy and return in the enclosed postage-prepaid envelope.

FirstEnergy greatly appreciates the opportunity to provide comments regarding this important and timely issue.

Please contact me at the above phone number should you have any questions.

Sincerely,



Linda R. Evers, Esquire

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Enclosures

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Implementation of the Alternative Energy
Portfolio Standards Act of 2004**

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Docket No. L-00060180

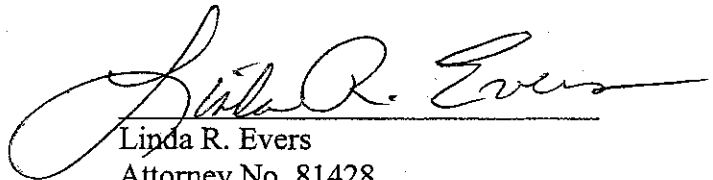
CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true and correct copy of the foregoing document upon the individuals listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

Service via overnight United Parcel Service, as follows:

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

Dated: December 13, 2006



Linda R. Evers

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Implementation of the Alternative Energy
Portfolio Standards Act of 2004**

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Docket No. L-00060180

**COMMENTS ON BEHALF OF METROPOLITAN EDISON COMPANY,
PENNSYLVANIA ELECTRIC COMPANY AND
PENNSYLVANIA POWER COMPANY**

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

I. INTRODUCTION

By Order entered July 25, 2006, the Public Utility Commission (“PUC” or the “Commission”) issued a proposed rulemaking to codify prior Commission interpretations of the Alternative Energy Portfolio Standards Act of 2004 (the “Act”) and resolve other issues relevant to its implementation. The Proposed Rulemaking Order was published in the Pennsylvania Bulletin on October 14, 2006. Comments on the Proposed Rulemaking Order are due within 60 days from the date it was published in the Bulletin or by December 13, 2006. These Comments are on behalf of Metropolitan Edison Company (“Met-Ed”), Pennsylvania Electric Company (“Penelec”) and the Pennsylvania Power Company (“Penn Power”) referred to collectively as “FirstEnergy” or “the Companies”.

II. COMMENTS

The Companies are participants to the comments filed on behalf of the Energy Association of Pennsylvania (“EAPA”). For the sake of efficiency, these comments will address sections that require more detail to better or further express the views of FirstEnergy.

A. Section 75.61 EDC and EGS Obligations

Section 75.61(f) establishes an obligation for Electric Distribution Companies (“EDCs”) to provide monthly reports to the program administrator documenting deliveries of electricity to retail customers by each load serving entity serving customers within its service territory within 45 days from the end of each month. The proposed rulemaking order requests comments on this proposal and specifically, on any technical limitations EDCs may have in meeting this obligation. FirstEnergy has EDCs in both the PJM Interconnection LLC (“PJM”) Regional Transmission Organization (“RTO”) and the Midwest Independent System Operator (“MISO”) RTO. The requirement of paragraph (f) to submit final load data for all LSEs does not incorporate the RTO framework or how load is submitted to the RTOs. In PJM, what is considered primary data is uploaded to the markets daily. However, this data is built on actuals from some types of customers and estimates of other types of customers. The data is then “trued-up” roughly 60 days later in the secondary settlement process of PJM. In MISO, these true-ups occur at 7 days, 14 days, 55 days and 105 days. FirstEnergy requests that the deadline for reporting be extended to 61 days to coincide with the PJM process¹ and that EDCs

¹ The PJM secondary settlement process takes place generally in 60 days. However, this can vary by several days. So perhaps the Commission can require that the data be provided upon the conclusion of the PJM Secondary Settlement process or provide an estimate no later than 61 days. This then would allow all EDC’s the flexibility to provide estimates.

participating in MISO² be allowed to provide an estimate on this day. Additionally, it should be understood that although a report will be issued to the Program Administrator each month, these load values will continue to be updated in conjunction with the RTO schedules.

B. Section 75.63 (d) Alternative energy system qualification

FirstEnergy concurs with the comments made by EAPA on this subject. Consistent with the arguments made in the appeal of Penn Power in *Pennsylvania Power Company v. Pennsylvania Public Utility Commission*, No. 1004 C.D. 2006, the Companies believe Section 75.63(d) should better reflect the intent of the Act and be revised to read as follows:

(d) The alternative energy credits associated with a qualified alternative energy system located outside of Pennsylvania shall be eligible for compliance purposes anywhere within Pennsylvania so long as the alternative energy system is located within the boundaries of any RTO control area that serves any portion of Pennsylvania.

C. Sections 75.67 and 75.68 General force majeure and Special force majeure

FirstEnergy appreciates the balance the Commission has found between the general and special force majeure provisions. Additionally, the Companies believe the Commission should consider the unique circumstances of each EDC when doing a comparison against the \$45 alternative payment requirement. For example, the Commission may find credits for solar photovoltaic available for \$30, however, a particular EDC's credit will not allow the EDC to do business with the entity selling the credits for \$30. The best price the EDC can procure the credit for is \$50. The verification discussed in Section 75.67 (d) permits an EDC to

² The MISO S55 settlement period is very accurate although an additional true-up occurs on day 105. The delta between the S55 and S105 true-up period is miniscule.

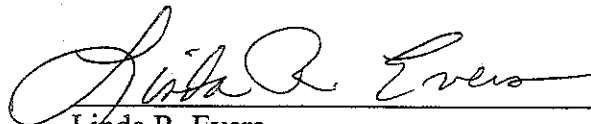
state that the alternative compliance payment is its least cost method of compliance. However, it appears that this section is only applicable after the Commission has determined that force majeure exists after it had conducted its market analysis. However, this analysis may not take into account a particular EDCs credit situation. Therefore, FirstEnergy recommend that the Commission allow EDCs to submit a similar verification as discussed in Section 75.67 (d) even when a general force majeure has not been declared when the EDC knows that it cannot obtain credits at or below the \$45 alternative compliance payment amount. This will benefit many parties. It will limit the amount charged to customers and the alternative compliance payment will benefit the creation of new projects via the Sustainable Energy Funds.

III. CONCLUSION

FirstEnergy appreciates the opportunity to comment on this important topic.

Respectfully submitted,

Dated: December 13, 2006



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