

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Harrisburg, Pennsylvania 17105-3265

**FINAL RULEMAKING ORDER
IMPLEMENTATION OF THE
ALTERNATIVE ENERGY PORTFOLIO
STANDARDS ACT OF 2004**

**PUBLIC MEETING –
SEPTEMBER 25, 2008
SEP-2008-L-0091*
DOCKET NO: L-00060180**

STATEMENT OF VICE CHAIRMAN TYRONE J. CHRISTY

I first would like to commend the Law Bureau for its excellent work product in this proceeding. The final regulations presented to us for consideration reflect sound judgment and legal analysis, and sensitivity to the cost of these requirements that will be borne by Pennsylvania's customers.

Although I am voting today to approve these final regulations, I do so somewhat reluctantly due to a concern that rests more with the AEPS¹ Act itself, as opposed to our implementing regulations. Specifically, my concern lies with the broad geographic area encompassed by the 13-state PJM control area, and the ability of an alternative energy project located hundreds of miles from Pennsylvania to qualify under our AEPS and receive revenues from Pennsylvania. I believe that it is incumbent upon us to ensure, as best we are able, that the benefits provided by alternative energy projects inure to the benefit of the Pennsylvania customers that are bearing the substantial costs that have been created by the AEPS. Since it is unlikely that Pennsylvania customers will realize any significant economic or environmental benefits from an alternative energy project located outside of the Commonwealth, I believe that this Commission should support a legislative amendment to the AEPS Act to add a reciprocity requirement for out-of-state projects.

If a reciprocity requirement were added to the AEPS Act, the AECs produced by an alternative energy facility located in, for example, Illinois, would qualify in Pennsylvania only if credits produced by a similar facility in Pennsylvania, using the same fuel source, would qualify in Illinois. Such a reciprocity requirement would help ensure that Pennsylvania receives the benefits for which it is paying, and would encourage other states within PJM to enact their own renewable/alternative energy portfolio standard, and to open their borders to Pennsylvania. This would encourage the development of alternative energy in PJM states other than Pennsylvania.

I note with interest a letter dated 2/28/06 to the Commission from three of the prime sponsors of the AEPS Act in the General Assembly. The purpose of this letter was to clarify the legislative intent underlying the Act. A portion of this letter stated as follows:

The General Assembly passed Act 213 to diversify the electric generation technologies and fuels that serve electricity customers located in Pennsylvania; to

¹ The Alternative Energy Portfolio Standards Act of 2004, 73 P.S. §§ 1648.1 *et seq.*

increase economic development within Pennsylvania by attracting investment to Pennsylvania to build alternative energy projects; to speed the commercialization within Pennsylvania of the technologies listed in Tier 1 and Tier 2 of the AEPS; and to reduce the pollution of Pennsylvania air, water and land resources caused by electric generation.

Letter of February 28, 2006 (emphasis supplied).

There is an element of fairness in a reciprocity requirement that I believe is important and that should be incorporated into the AEPS Act. Pennsylvania should not be in the position of being required to export its dollars to other states and getting nothing in return. As things stand, Pennsylvania's electric customers are required to subsidize the development of alternative energy projects in states that either do not have an alternative energy portfolio, or that have a portfolio but have restricted eligibility in such a way that projects in Pennsylvania can not participate. I would ask my fellow commissioners to support such a legislative amendment to the AEPS Act, which I believe would further promote its legislative intent as described above in the letter of 2/28/06 from three of its prime sponsors.

DATE

TYRONE J. CHRISTY, VICE CHAIRMAN