

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Harrisburg, Pennsylvania 17105-3265

**Evaluation of Proposals to Select the
Alternative Energy Credits
Administrator**

**Public Meeting – June 3, 2010
2172251-BAS**

DISSENT OF VICE CHAIRMAN TYRONE J. CHRISTY

Today the Commission is selecting a contractor, Clean Power Markets, (CPM) to serve as the Administrator of the Commission's Alternative Energy Credit (AEC) Program under the Alternative Energy Portfolio Standards (AEPS) Act of 2004. The initial term of the contract extends from July 1, 2010 through December 31, 2013, a period of 42 months, with an option for two one-year extensions through December 31, 2015. That is a long time. The cost of this contract is anticipated to be over \$2.7 million. That is a lot of money.

There are two reasons why I am voting against awarding this contract to CPM. First is CPM's poor performance under the current contract. CPM has served as the AEC Administrator since March 2007. In March 2007, CPM inherited a registry of approximately 200 "legacy" facilities that previously had been certified by PJM and subsequently by DEP during the first two years of the AEPS program. The registry that CPM inherited was inaccurate, with missing and erroneous information for many of the legacy facilities. To date, the efforts of CPM to correct the AEPS registry have been inadequate. As recently as August of 2009, the registry included 23 plants totaling 1,589 MW using "bituminous coal" as their fuel source. Bituminous coal does not qualify under the AEPS. The registry included 8 plants totaling at least 3,092 MW using natural gas as their fuel source, which also does not qualify under the AEPS. The size of two of the natural gas plants was listed as "can't be determined." There were eight plants totaling 928.1 MW whose fuel source was listed as "unknown" that had been qualified and listed in the registry as AEPS facilities. There were two additional facilities totaling 297.8 MW whose fuel source was listed as partially unknown. A landfill gas facility of 193.0 MW, which would dwarf the size of any known landfill gas project, was listed in the registry. All but one of the waste coal facilities in the registry were listed as bituminous coal plants.

Despite the obvious problems with the accuracy of AEPS registry, CPM did not receive the box of registration forms for the legacy facilities from DEP until 2009, two years into the current contract, presumably because CPM did not ask for it. Just last month, it finally was decided to send a questionnaire to the legacy facilities to update and correct the information in the registry. CPM stated that it has not previously sent a questionnaire to the legacy facilities because it does not have sufficient contact information for many of them. The claimed inability to contact some of the largest qualifying facilities in the AEPS registry in over a three year period (2007 through 2010) is inexcusable. The registry of facilities that have been qualified to sell AECs is the foundation of the AEPS program, and is relied upon by EDCs and EGSs that are subject to the AEPS requirements. In my view, CPM should have made correction of the registry one of its first priorities when it assumed the role of the AEC Administrator in 2007.

In addition to inaccurate information in the registry, CPM has elected to keep some of the facility information in a "regulator only read" section of the website. Only two Commission employees, the Director of CEEP and one of his employees, have passwords to access this section of the registry. In fact, the Commissioners and their staffs were not informed of the creation of the "regulator only read" section of the website in October 2008 until two weeks ago, when the Commission sent follow-up data requests to CPM during review of its contract proposal. At that time we learned that the "regulator only read" section lists the RTO (PJM or MISO) where an AEPS facility is located. CPM's explanation of the unavailability of a facility's RTO in the public registry is that CEEP had not asked them to include it.

The second reason why I am opposed to awarding a second contract to CPM is one of cost. We had several options available to us other than awarding another contract to CPM, including bringing this work in-house. The work required to administer the AEPS requires diligence and organizational skills, but it is not overly complex. Two employees could have performed the work at much less cost than a private contractor. Assuming each employee's annual salary and benefit package was \$100,000, this work could be done at a cost to the Commission of approximately \$1.0 million for five years, or roughly 35% of the cost of the CPM contract. As governmental agencies across the country are forced to tighten their belts, I believe that the Commission has missed a significant opportunity to reduce its own operations budget.

6-3-10
DATE

Tyrone J. Christy
TYRONE J. CHRISTY, VICE CHAIRMAN