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| PUC logo | COMMONWEALTH OF PENNSYLVANIAPENNSYLVANIA PUBLIC UTILITY COMMISSIONTECHNICAL UTILITY SERVICESP.O. BOX 3265, HARRISBURG, PA 17105-3265 | **IN REPLY PLEASE REFER TO OUR FILE****M-2009-2093383** |

August 9, 2016

TO: EDCs and EGSs with AEPS Obligations

RE:AEPS Compliance Obligation

This letter serves as notification that the Pennsylvania Public Utility Commission (Commission) is extending the period for true-up of a portion of the non-solar Tier I obligations for the 2016 compliance year from September 1, 2016 to November 30, 2016. The extension provides additional time to address an unanticipated increase in the non‑solar Tier I obligations for this compliance year. This true-up period extension does not apply to solar Tier I nor Tier II requirements. In addition, it does not apply to the non-solar Tier I obligations contained in 52 Pa. Code § 75.61(b)(10), which requires that 5.25% of all retail sales come from non-solar Tier I sources.

All electric generation suppliers (EGSs) and electric distribution companies (EDCs) that had retail electric sales during the reporting year from June 1, 2015 through May 31, 2016, remain obligated to retire the appropriate number of solar Tier I (0.25% of retail sales), non‑solar Tier I (5.25% of retail sales) and Tier II (8.2% of retail sales) alternative energy credits (AECs) by September 1, 2016. The true-up period for the additional non-solar Tier I obligations related to the quarterly adjustments required by 66 Pa. C.S. § 2814 is extended to November 30, 2016.

In a July 8, 2016, Secretarial Letter, the Commission provided notification to all EGSs and EDCs that the Commission had become aware of an error in how the non‑solar Tier I quarterly adjustments were calculated over the past six years. The July 8, 2016 letter also noted that this error has been corrected for the 2016 compliance year, resulting in an approximate seven percent increase in the otherwise anticipated annual non‑solar Tier I obligations. Also on or about July 15, 2016, the Alternative Energy Credit Program Administrator provided all EGSs and EDCs with their 2016 reporting year obligations for Tier II, solar Tier I, and the adjusted non‑solar Tier I.

The Commission recognizes that the increased non‑solar Tier I obligations with the corrected quarterly adjustment calculations were not anticipated by any of the EGSs and EDCs. Accordingly, the Commission is extending the true‑up period for the increased non-solar Tier I obligations related to the quarterly adjustments required by 66 Pa. C.S. § 2814 for the 2016 compliance year from September 1, 2016, to **November 30, 2016**. This extension provides the Commission additional time to address, with input from all stakeholders, the impact of the unanticipated increase in Tier I requirements and

any potential options to mitigate that impact on EGSs and EDCs for the 2016 and/or subsequent compliance years.

All EDCs and EGSs will receive from the Alternative Energy Credit Program Administrator a notice of their Tier I (solar and non-solar) and Tier II obligations required to be retired by September 1, 2016. Any subsequent non-solar Tier I obligations required in accordance with the quarterly adjustment provisions of the Public Utility Code, 66 Pa. C.S. § 2814, will be provided before November 30, 2016. Please direct all questions or concerns regarding this extension of the true‑up period for a portion of the non‑solar Tier I obligations for the 2016 compliance year to Mr. Kriss Brown at 717‑787‑4518 or kribrown@pa.gov. Please direct all questions or concerns regarding AEC obligations to Mr. Darren Gill at 717-783-5244 or dgill@pa.gov.

 Very truly yours,

 Rosemary Chiavetta

 Secretary

cc: Gladys M. Brown, Chairman

Andrew G. Place, Vice Chairman

 John F. Coleman, Jr., Commissioner

 Robert F. Powelson, Commissioner

David W. Sweet, Commissioner

 Jan H. Freeman, Executive Director

 Mary Beth Osborne, Director of Regulatory Operations

 The Office of Consumer Advocate

 The Office of Small Business Advocate

 The Bureau of Investigation and Enforcement

 Paul T. Diskin, Director of TUS

 Kriss E. Brown, LAW

 AEC Program Administrator