

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1190 Session of
2024

INTRODUCED BY SANTARSIERO, STREET, COMMITTA, HUGHES, FONTANA,
COSTA, MILLER, KANE, KEARNEY, CAPPELLETTI, SCHWANK, HAYWOOD
AND COLLETT, MAY 28, 2024

REFERRED TO ENVIRONMENTAL RESOURCES AND ENERGY, MAY 28, 2024

AN ACT

1 Amending the act of November 30, 2004 (P.L.1672, No.213),
2 entitled "An act providing for the sale of electric energy
3 generated from renewable and environmentally beneficial
4 sources, for the acquisition of electric energy generated
5 from renewable and environmentally beneficial sources by
6 electric distribution and supply companies and for the powers
7 and duties of the Pennsylvania Public Utility Commission,"
8 further providing for definitions; providing for force
9 majeure; further providing for alternative energy portfolio
10 standards, for portfolio requirements in other states, for
11 health and safety standards and for interagency
12 responsibilities; providing for zero emission credits; and
13 making editorial changes.

14 The General Assembly of the Commonwealth of Pennsylvania
15 hereby enacts as follows:

16 Section 1. Sections 1 and 2 of the act of November 30, 2004
17 (P.L.1672, No.213), known as the Alternative Energy Portfolio
18 Standards Act, are amended to read:

19 Section 1. Short title.

20 This act shall be known and may be cited as the [Alternative
21 Energy Portfolio] Pennsylvania Reliable Energy Sustainability
22 Standards Act.

23 Section 2. Definitions.

1 The following words and phrases when used in this act shall
2 have the meanings given to them in this section unless the
3 context clearly indicates otherwise:

4 "Advanced reactor. A nuclear fission reactor consistent with
5 the definition of "advanced nuclear reactor" in 42 U.S.C. §
6 16271 (relating to nuclear energy). The term includes a small
7 modular reactor.

8 ["Alternative energy credit." A tradable instrument that is
9 used to establish, verify and monitor compliance with this act.
10 A unit of credit shall equal one megawatt hour of electricity
11 from an alternative energy source. The alternative energy credit
12 shall remain the property of the alternative energy system until
13 the alternative energy credit is voluntarily transferred by the
14 alternative energy system. (Def. amended July 17, 2007, P.L.114,
15 No.35)

16 "Alternative energy portfolio standards." Standards
17 establishing that a certain amount of energy sold from
18 alternative energy sources is included as part of the sources of
19 electric generation by electric utilities within this
20 Commonwealth.

21 "Alternative energy sources." The term shall include the
22 following existing and new sources for the production of
23 electricity:

24 (1) Solar photovoltaic or other solar electric energy.

25 (2) Solar thermal energy.

26 (3) Wind power.

27 (4) Large-scale hydropower, which shall mean the
28 production of electric power by harnessing the hydroelectric
29 potential of moving water impoundments, including pumped
30 storage that does not meet the requirements of low-impact

1 hydropower under paragraph (5).

2 (5) Low-impact hydropower consisting of any technology
3 that produces electric power and that harnesses the
4 hydroelectric potential of moving water impoundments,
5 provided such incremental hydroelectric development:

6 (i) does not adversely change existing impacts to
7 aquatic systems;

8 (ii) meets the certification standards established
9 by the Low Impact Hydropower Institute and American
10 Rivers, Inc., or their successors;

11 (iii) provides an adequate water flow for protection
12 of aquatic life and for safe and effective fish passage;

13 (iv) protects against erosion; and

14 (v) protects cultural and historic resources.

15 (6) Geothermal energy, which shall mean electricity
16 produced by extracting hot water or steam from geothermal
17 reserves in the earth's crust and supplied to steam turbines
18 that drive generators to produce electricity.

19 (7) Biomass energy, which shall mean the generation of
20 electricity utilizing the following:

21 (i) organic material from a plant that is grown for
22 the purpose of being used to produce electricity or is
23 protected by the Federal Conservation Reserve Program
24 (CRP) and provided further that crop production on CRP
25 lands does not prevent achievement of the water quality
26 protection, soil erosion prevention or wildlife
27 enhancement purposes for which the land was primarily set
28 aside; or

29 (ii) any solid nonhazardous, cellulosic waste
30 material that is segregated from other waste materials,

1 such as waste pallets, crates and landscape or right-of-
2 way tree trimmings or agricultural sources, including
3 orchard tree crops, vineyards, grain, legumes, sugar and
4 other crop by-products or residues.

5 (8) Biologically derived methane gas, which shall
6 include methane from the anaerobic digestion of organic
7 materials from yard waste, such as grass clippings and
8 leaves, food waste, animal waste and sewage sludge. The term
9 also includes landfill methane gas.

10 (9) Fuel cells, which shall mean any electrochemical
11 device that converts chemical energy in a hydrogen-rich fuel
12 directly into electricity, heat and water without combustion.

13 (10) Waste coal, which shall include the combustion of
14 waste coal in facilities in which the waste coal was disposed
15 or abandoned prior to July 31, 1982, or disposed of
16 thereafter in a permitted coal refuse disposal site
17 regardless of when disposed of, and used to generate
18 electricity, or such other waste coal combustion meeting
19 alternate eligibility requirements established by regulation.
20 Facilities combusting waste coal shall use at a minimum a
21 combined fluidized bed boiler and be outfitted with a
22 limestone injection system and a fabric filter particulate
23 removal system. Alternative energy credits shall be
24 calculated based upon the proportion of waste coal utilized
25 to produce electricity at the facility.

26 (11) Coal mine methane, which shall mean methane gas
27 emitting from abandoned or working coal mines.

28 (12) Demand-side management consisting of the management
29 of customer consumption of electricity or the demand for
30 electricity through the implementation of:

1 (i) energy efficiency technologies, management
2 practices or other strategies in residential, commercial,
3 institutional or government customers that reduce
4 electricity consumption by those customers;

5 (ii) load management or demand response
6 technologies, management practices or other strategies in
7 residential, commercial, industrial, institutional and
8 government customers that shift electric load from
9 periods of higher demand to periods of lower demand; or

10 (iii) industrial by-product technologies consisting
11 of the use of a by-product from an industrial process,
12 including the reuse of energy from exhaust gases or other
13 manufacturing by-products that are used in the direct
14 production of electricity at the facility of a customer.

15 (13) Distributed generation system, which shall mean the
16 small-scale power generation of electricity and useful
17 thermal energy.

18 "Alternative energy system." A facility or energy system
19 that uses a form of alternative energy source to generate
20 electricity and delivers the electricity it generates to the
21 distribution system of an electric distribution company or to
22 the transmission system operated by a regional transmission
23 organization.]

24 "Biogas energy." The generation of electricity that uses:

25 (1) biogas resultant of anaerobic digestion of organic
26 material, including yard waste such as grass clippings and
27 leaves, food waste, animal waste and sewage sludge; or

28 (2) landfill gas.

29 "Biomass energy." The generation of electricity that uses:

30 (1) organic material from a plant that is grown for the

1 purpose of being used to produce electricity or is protected
2 by the Federal Conservation Reserve Program (CRP), and
3 provided that crop production on CRP lands does not prevent
4 achievement of the water quality protection, soil erosion
5 prevention or wildlife enhancement purposes for which the
6 land is primarily set aside; or

7 (2) any solid nonhazardous, cellulosic waste material
8 that is segregated from other waste material, such as waste
9 pallets, crates and landscape or right-of-way tree trimmings
10 or agricultural sources, including orchard tree crops,
11 vineyards, grain, legumes, sugar and other crop by-products
12 or residues.

13 "Clean hydrogen." Hydrogen produced through a process that
14 results in a lifecycle greenhouse gas emissions rate of less
15 than 0.45 kilograms of CO2e per kilogram of hydrogen.

16 "Coal mine fugitive emissions." Methane gas emitted from an
17 abandoned or working coal mine.

18 "Combined heat and power system." A combined heat and power
19 system installed on a commercial, institutional or industrial
20 facility site within this Commonwealth that is a qualified
21 facility under the Public Utility Regulatory Policies Act of
22 1978 (Public Law 95-617, 92 Stat. 3117) and has an annual
23 operating efficiency of at least 60% with at least 25% of the
24 total annual energy output being useful thermal energy. A
25 combined heat and power system shall qualify as a Tier II PRESS
26 energy source for up to 25 megawatts of aggregate electric
27 nameplate capacity on a site.

28 "Commission." The Pennsylvania Public Utility Commission.

29 ["Cost-recovery period." The longer of:

30 (1) the period during which competitive transition

1 charges under 66 Pa.C.S § 2808 (relating to competitive
2 transition charge) or intangible transition charges under 66
3 Pa.C.S. § 2812 (relating to approval of transition bonds) are
4 recovered; or

5 (2) the period during which an electric distribution
6 company operates under a Pennsylvania Public Utility
7 Commission-approved generation rate plan that has been
8 approved prior to or within one year of the effective date of
9 this act, but in no case shall the cost-recovery period under
10 this act extend beyond December 31, 2010.]

11 "Customer-generator." A nonutility owner or operator of a
12 net metered distributed generation system with a nameplate
13 capacity of not greater than 50 kilowatts if installed at a
14 residential service or not larger than 3,000 kilowatts at other
15 customer service locations, except for customers whose systems
16 are above three megawatts and up to five megawatts who make
17 their systems available to operate in parallel with the electric
18 utility during grid emergencies as defined by the regional
19 transmission organization or where a microgrid is in place for
20 the primary or secondary purpose of maintaining critical
21 infrastructure, such as homeland security assignments, emergency
22 services facilities, hospitals, traffic signals, wastewater
23 treatment plants or telecommunications facilities, provided that
24 technical rules for operating generators interconnected with
25 facilities of an electric distribution company, electric
26 cooperative or municipal electric system have been promulgated
27 by the Institute of Electrical and Electronic Engineers and the
28 Pennsylvania Public Utility Commission.

29 "Demand-side management." The management of customer
30 consumption of electricity or the demand for electricity through

1 the implementation of:

2 (1) energy efficiency technologies, management practices
3 or other strategies in residential, commercial, institutional
4 or government customers that reduce electricity consumption
5 by those customers;

6 (2) load management or demand response technologies,
7 management practices or other strategies in residential,
8 commercial, industrial, institutional and government
9 customers that shift electric load from periods of higher
10 demand to periods of lower demand; or

11 (3) industrial by-product technologies consisting of the
12 use of a by-product from an industrial process, including the
13 reuse of energy from exhaust gases or other manufacturing by-
14 products that are used in the direct production of
15 electricity at the facility of a customer.

16 "Department." The Department of Environmental Protection of
17 the Commonwealth.

18 "Distributed generation system." Small-scale power
19 generation of electricity, not including combined heat and
20 power.

21 "Electric distribution company." The term shall have the
22 same meaning given to it in 66 Pa.C.S. Ch. 28 (relating to
23 restructuring of electric utility industry).

24 "Electric generation supplier." The term shall have the same
25 meaning given to it in 66 Pa.C.S. Ch. 28 (relating to
26 restructuring of electric utility industry).

27 "Environmental justice area." A geographic area
28 characterized by increased pollution burden and sensitive or
29 vulnerable populations based on demographic and environmental
30 data as identified by the department.

1 "Force majeure." [Upon its own initiative or upon a request
2 of an electric distribution company or an electric generator
3 supplier, the Pennsylvania Public Utility Commission, within 60
4 days, shall determine if alternative PRESS energy resources are
5 reasonably available in the marketplace in sufficient quantities
6 or are likely to be developed in sufficient quantities due to
7 alternative compliance payments or economics for the electric
8 distribution companies and electric generation suppliers to meet
9 their obligations for that reporting period under this act. In
10 making this determination, the commission shall consider whether
11 electric distribution companies or electric generation suppliers
12 have made a good faith effort to acquire sufficient PRESS
13 alternative energy to comply with their obligations. Such good
14 faith efforts shall include, but are not limited to, banking
15 reliable alternative energy credits during their transition
16 periods, seeking reliable alternative energy credits through
17 competitive solicitations and seeking to procure reliable
18 alternative energy credits or PRESS alternative energy through
19 long-term contracts. In further making its determination, the
20 commission shall assess the availability of alternative reliable
21 energy credits in the Generation Attributes Tracking System
22 (GATS) or its successor and the availability of reliable
23 alternative energy credits generally in Pennsylvania and other
24 jurisdictions in the PJM Interconnection, L.L.C. regional
25 transmission organization (PJM) or its successor. The commission
26 may also require solicitations for reliable alternative energy
27 credits as part of default service before requests of force
28 majeure can be made. If the commission further determines that
29 PRESS alternative energy resources are not reasonably available
30 in sufficient quantities in the marketplace for the electric

1 distribution companies and electric generation suppliers to meet
2 their obligations under this act, then the commission shall
3 modify the underlying obligation of the electric distribution
4 company or electric generation supplier or recommend to the
5 General Assembly that the underlying obligation be eliminated.
6 Commission modification of the electric distribution company or
7 electric generation supplier obligations under this act shall be
8 for that compliance period only. Commission modification shall
9 not automatically reduce the obligation for subsequent
10 compliance years. If the commission modifies the electric
11 distribution company or electric generation supplier obligations
12 under this act, the commission may require the electric
13 distribution company or electric generation supplier to acquire
14 additional reliable alternative energy credits in subsequent
15 years equivalent to the obligation reduced due to a force
16 majeure declaration if the commission determines that sufficient
17 reliable alternative energy credits exist in the marketplace.]

18 The determination made by the commission under section 2.1.

19 "Fuel cells." A device that converts chemical energy in a
20 hydrogen-rich fuel directly into electricity, heat and water
21 without combustion.

22 "Fusion energy." The product of fusion reactions inside a
23 fusion device and used to generate electricity.

24 "Geothermal energy." The utilization of natural heat of the
25 earth found below the surface of the earth, which is then used
26 to generate electricity. The term includes:

27 (1) A product of geothermal process such as heat,
28 indigenous steam, pressure, hot water and hot brines, gases
29 and byproducts.

30 (2) Energy from a geothermal heating and cooling system.

1 The term does not include helium, oil, hydrocarbon gas or any
2 other hydrocarbon substances.

3 "Geothermal heating and cooling system." A system that:

4 (1) Exchanges thermal energy from groundwater or a
5 shallow ground source to generate thermal energy through an
6 electric geothermal heat pump or a system of electric
7 geothermal heat pumps interconnected with a geothermal
8 extraction facility that:

9 (i) Is a closed loop or a series of closed loop
10 systems in which fluid is permanently confined within a
11 pipe or tubing.

12 (ii) Does not come in contact with the outside
13 environment or an open loop system in which ground or
14 surface water is:

15 (A) circulated in an environmentally safe manner
16 directly into the facility; and

17 (B) returned to the same aquifer or surface
18 water source.

19 (2) Meets or exceeds the current Federal Energy Star
20 product specification standards.

21 (3) Replaces or displaces less efficient space or water
22 heating systems, regardless of fuel type.

23 (4) Replaces or displaces less efficient space cooling
24 systems that do not meet Federal Energy Star product
25 specification standards.

26 (5) Does not feed electricity back to the grid.

27 "Hydropower." The production of electric power by harnessing
28 the hydroelectric potential of moving water impoundments,
29 including pumped storage that does not meet the requirements of
30 low-impact hydropower.

1 "Low-impact hydropower." Technology that produces electric
2 power and harnesses the hydroelectric potential of moving water
3 impoundments, provided that the incremental hydroelectric
4 development:

5 (1) Does not adversely change existing impacts to
6 aquatic systems.

7 (2) Meets the certification standards established by the
8 Low Impact Hydropower Institute and American Rivers, Inc., or
9 its successors.

10 (3) Provides an adequate water flow for protection of
11 aquatic life and for safe and effective fish passage.

12 (4) Protects against erosion.

13 (5) Protects cultural and historic resources.

14 "Lifecycle greenhouse gas emissions." The term shall have
15 the same meaning as defined in 26 U.S.C. § 45V(c) (relating to
16 credit for production of clean hydrogen).

17 "Municipal solid waste." This will include energy from
18 existing waste to energy facilities which the Department of
19 Environmental Protection has determined are in compliance with
20 current environmental standards, including, but not limited to,
21 all applicable requirements of the Clean Air Act (69 Stat. 322,
22 42 U.S.C. § 7401 et seq.) and associated permit restrictions and
23 all applicable requirements of the act of July 7, 1980 (P.L.380,
24 No.97), known as the Solid Waste Management Act.

25 "Net metering." The means of measuring the difference
26 between the electricity supplied by an electric utility and the
27 electricity generated by a customer-generator when any portion
28 of the electricity generated by the [alternative] PRESS energy
29 [generating] system is used to offset part or all of the
30 customer-generator's requirements for electricity. [Virtual] The

1 term includes virtual meter aggregation on properties owned or
2 leased and operated by a customer-generator and located within
3 two miles of the boundaries of the customer-generator's property
4 and within a single electric distribution company's service
5 territory [shall be eligible for net metering].

6 "PRESS energy sources." The term shall include existing and
7 new sources for the production of electricity including Tier I,
8 Tier II and Tier III PRESS energy sources.

9 "PRESS energy system." A facility or energy system that uses
10 a form of PRESS energy source to generate electricity and
11 delivers the electricity generated to the distribution system of
12 an electric distribution company or to the transmission system
13 operated by a regional transmission organization.

14 "Regional transmission organization." An entity approved by
15 the Federal Energy Regulatory Commission [(FERC)] that is
16 created to operate and manage the electrical transmission grids
17 of the member electric transmission utilities as required under
18 [(FERC)] Federal Energy Regulatory Commission Order 2000, Docket
19 No. RM99-2-000, [(FERC)] Federal Energy Regulatory Commission
20 Chapter 31.089 (1999) or any successor organization approved by
21 the [(FERC)] Federal Energy Regulatory Commission.

22 "Reliable energy credit." A tradable instrument that is used
23 to establish, verify and monitor compliance with this act. A
24 unit of credit shall equal one megawatt hour of electricity from
25 a PRESS energy source. The reliable energy credit shall remain
26 the property of the reliable energy system until the reliable
27 energy credit is voluntarily transferred by the reliable energy
28 system.

29 "Reliable energy standards." Standards establishing that a
30 certain amount of energy sold from PRESS energy sources is

1 included as part of the sources of electric generation by
2 electric utilities within this Commonwealth.

3 "Reporting period." The 12-month period from June 1 through
4 May 31. A reporting year shall be numbered according to the
5 calendar year in which it begins and ends.

6 "Retail electric customer." The term shall have the same
7 meaning given to it in 66 Pa.C.S. Ch. 28 (relating to
8 restructuring of electric utility industry).

9 "Small modular reactors." An advanced nuclear reactor with a
10 rated capacity of less than 300 electrical megawatts that can be
11 constructed and operated in combination with similar reactors at
12 a single site.

13 ["Tier I alternative energy source." Energy derived from:

14 (1) Solar photovoltaic and solar thermal energy.

15 (2) Wind power.

16 (3) Low-impact hydropower.

17 (4) Geothermal energy.

18 (5) Biologically derived methane gas.

19 (6) Fuel cells.

20 (7) Biomass energy.

21 (8) Coal mine methane.

22 "Tier II alternative energy source." Energy derived from:

23 (1) Waste coal.

24 (2) Distributed generation systems.

25 (3) Demand-side management.

26 (4) Large-scale hydropower.

27 (5) Municipal solid waste.

28 (6) Generation of electricity utilizing by-products of

29 the pulping process and wood manufacturing process, including

30 bark, wood chips, sawdust and lignin in spent pulping

1 liquors.

2 (7) Integrated combined coal gasification technology.]

3 "Tier I PRESS energy source." Electric energy derived from:

4 (1) Solar photovoltaic and solar thermal energy.

5 (2) Wind power.

6 (3) Low-impact hydropower.

7 (4) Geothermal energy.

8 (5) Advanced reactors.

9 (6) Fusion energy.

10 (7) Coal mine fugitive emissions.

11 (8) Biogas energy.

12 "Tier II PRESS energy source." Electric energy derived from:

13 (1) Natural gas or coal using 80% clean hydrogen co-
14 fired blend or equivalent carbon intensity reduction
15 technologies.

16 (2) Non-Tier I distributed generation systems.

17 (3) Demand-side management.

18 (4) Hydropower.

19 (5) Fuel cells.

20 (6) Biomass energy.

21 (7) Storage resources co-located with a Tier I PRESS
22 energy source with 10% nameplate capacity available every
23 hour for a 24-hour period.

24 (8) Combined heat and power.

25 (9) Tier I PRESS energy source that meets the
26 requirements of section 3(e)(16).

27 "Tier III PRESS energy source." Electric energy derived
28 from:

29 (1) Natural gas or coal using 20% clean hydrogen co-
30 fired blend or equivalent carbon reduction technologies.

- 1 (2) Waste coal.
- 2 (3) Municipal solid waste.
- 3 (4) Integrated combined coal gasification technology.
- 4 (5) Generation of electricity utilizing by-products of
5 the pulping process, including bark, wood chips, sawdust and
6 lignin in spent pulping liquors.
- 7 (6) Tier I PRESS energy source that meets the
8 requirements of section 3(e)(16).

9 "True-up period." The period each year from the end of the
10 reporting year until September 1.

11 "Virtual currency." A type of digital unit that is used as a
12 medium of exchange or a form of digitally stored value. The term
13 shall be broadly construed to include a digital unit of exchange
14 that:

- 15 (1) has a centralized repository or administrator;
- 16 (2) is decentralized and has no centralized repository
17 or administrator; or
- 18 (3) may be created or obtained by computing or
19 manufacturing effort.

20 "Waste coal." The combustion of waste coal in a facility:

- 21 (1) In which the waste coal was disposed or abandoned
22 prior to July 31, 1982, or disposed of thereafter in a
23 permitted coal refuse disposal site regardless of when
24 disposed of, and used to generate electricity, or such other
25 waste coal combustion meeting alternate eligibility
26 requirements established by regulation.

- 27 (2) That uses at a minimum a combined fluidized bed
28 boiler and is outfitted with a limestone injection system and
29 a fabric filter particulate removal system.

30 Reliable energy credits shall be calculated based upon the

1 proportion of waste coal utilized to produce electricity at the
2 facility.

3 "ZEC." A zero emission credit authorized under section 8.1.

4 Section 2. The act is amended by adding a section to read:

5 Section 2.1. Force majeure.

6 (a) Determination of commission.--

7 (1) Upon its own initiative or upon a request of an
8 electric distribution company or an electric generator
9 supplier, the commission shall determine if PRESS energy
10 resources are reasonably available in the marketplace in
11 sufficient quantities or are likely to be developed in
12 sufficient quantities due to alternative compliance payments
13 or economics for the electric distribution companies and
14 electric generation suppliers to meet their obligations for
15 that reporting period under this act.

16 (2) In making the determination under paragraph (1), the
17 commission shall consider whether electric distribution
18 companies or electric generation suppliers have made a good
19 faith effort to acquire sufficient PRESS energy to comply
20 with their obligations. The good faith efforts shall include,
21 but are not limited to, banking reliable energy credits
22 during their transition periods, seeking reliable energy
23 credits through competitive solicitations and seeking to
24 procure reliable energy credits or PRESS energy through long-
25 term contracts.

26 (3) In further making its determination, the commission
27 shall assess the availability of reliable energy credits in
28 the Generation Attributes Tracking System (GATS) or its
29 successor and the availability of reliable energy credits
30 generally in this Commonwealth and other jurisdictions in the

1 PJM Interconnection, LLC, regional transmission organization
2 (PJM) or its successor. The commission may also require
3 solicitations for reliable energy credits as part of default
4 service before requests of force majeure can be made.

5 (b) Modifications of obligations.--

6 (1) If the commission further determines that PRESS
7 energy resources are not reasonably available in sufficient
8 quantities in the marketplace for the electric distribution
9 companies and electric generation suppliers to meet their
10 obligations under this act, then the commission shall modify
11 the underlying obligation of the electric distribution
12 company or electric generation supplier or recommend to the
13 General Assembly that the underlying obligation be
14 eliminated.

15 (2) Commission modification of the electric distribution
16 company or electric generation supplier obligations under
17 this act shall be for that compliance period only. Commission
18 modification shall not automatically reduce the obligation
19 for subsequent compliance years.

20 (3) If the commission modifies the electric distribution
21 company or electric generation supplier obligations under
22 this act, the commission may require the electric
23 distribution company or electric generation supplier to
24 acquire additional reliable energy credits in subsequent
25 years equivalent to the obligation reduced due to a force
26 majeure declaration if the commission determines that
27 sufficient reliable energy credits exist in the marketplace.

28 Section 3. Sections 3, 4, 6 and 7 of the act are amended to
29 read:

30 Section 3. [Alternative energy portfolio] Pennsylvania reliable

1 energy sustainability standards.

2 (a) General compliance and cost recovery.--

3 (1) [From the effective date of this act through and
4 including the 15th year after enactment of this act and each
5 year thereafter,] Beginning February 28, 2005, the electric
6 energy sold by an electric distribution company or electric
7 generation supplier to retail electric customers in this
8 Commonwealth shall be comprised of electricity generated from
9 [alternative] PRESS energy sources and in the percentage
10 amounts as described under subsections (b), and (c) and
11 (c.1).

12 (2) Electric distribution companies and electric
13 generation suppliers shall satisfy [both] requirements [set
14 forth] specified in subsections (b), and (c) and (c.1),
15 provided, however, that an electric distribution company or
16 an electric generation supplier shall be excused from its
17 obligations under this section to the extent that the
18 commission determines that force majeure exists.

19 (3) All costs for:

20 (i) the purchase of electricity generated from
21 [alternative] PRESS energy sources, including the costs
22 of the regional transmission organization, in excess of
23 the regional transmission organization real-time
24 locational marginal pricing, or its successor, at the
25 delivery point of the [alternative] PRESS energy source
26 for the electrical production of the [alternative] PRESS
27 energy sources; and

28 (ii) [payments for alternative energy credits, in
29 both cases that are voluntarily acquired by an electric
30 distribution company during the cost recovery period on

1 behalf of its customers shall be deferred as a regulatory
2 asset by the electric distribution company and fully
3 recovered, with a return on the unamortized balance,
4 pursuant to an automatic energy adjustment clause under
5 66 Pa.C.S. § 1307 (relating to sliding scale of rates;
6 adjustments) as a cost of generation supply under 66
7 Pa.C.S. § 2807 (relating to duties of electric
8 distribution companies) in the first year after the
9 expiration of its cost-recovery period. After the cost-
10 recovery period,] any reasonable or prudent direct or
11 indirect costs for the purchase by electric distribution
12 of resources to comply with this section, including, but
13 not limited to, the purchase of electricity generated
14 from [alternative] PRESS energy sources, payments for
15 [alternative] reliable energy credits, cost of credits
16 banked, payments to any third party administrators for
17 performance under this act and costs levied by a regional
18 transmission organization to ensure that [alternative]
19 PRESS energy sources are reliable, shall be recovered on
20 a full and current basis pursuant to an automatic energy
21 adjustment clause under 66 Pa.C.S. § 1307 as a cost of
22 generation supply under 66 Pa.C.S. § 2807.

23 (b) Tier I and solar photovoltaic shares.--

24 (1) [Two years after the effective date of this act and
25 through May 31, 2025,] Beginning February 28, 2007, through
26 May 31, 2025, at least 1.5% of the electric energy sold by an
27 electric distribution company or electric generation supplier
28 to retail electric customers in this Commonwealth shall be
29 generated from Tier I [alternative] PRESS energy sources.

30 Except as provided in this section, the minimum percentage of

1 electric energy required to be sold to retail electric
2 customers from [alternative] Tier I PRESS energy sources
3 shall increase to 2% three years after the effective date of
4 this act. The minimum percentage of electric energy required
5 to be sold to retail electric customers from [alternative]
6 PRESS energy sources shall increase by at least 0.5% each
7 year so that at least 8% of the electric energy sold by an
8 electric distribution company or electric generation supplier
9 to retail electric customers in that certificated territory
10 in the 15th year after the effective date of this subsection
11 is sold from [alternative] Tier I PRESS energy resources.

12 (1.1) Beginning on June 1, 2025, at least 10.7% of
13 electric energy sold by an electric distribution company or
14 electric generation supplier to retail electric customers in
15 this Commonwealth shall be generated from Tier I PRESS energy
16 sources. Beginning on June 1, 2026, through May 31, 2035, the
17 minimum percentage of electric energy required to be sold to
18 retail electric customers from Tier I PRESS energy sources
19 shall increase by at least 2.7% each year so that at least
20 35% of the electric energy sold by an electric distribution
21 company or electric generation supplier to retail electric
22 customers in that certificated territory is sold from Tier I
23 PRESS energy resources by May 31, 2035.

24 (2) The total percentage of the electric energy sold by
25 an electric distribution company or electric generation
26 supplier to retail electric customers in this Commonwealth
27 that must be sold from solar photovoltaic technologies is:

- 28 (i) 0.0013% for June 1, 2006, through May 31, 2007.
29 (ii) 0.0030% for June 1, 2007, through May 31, 2008.
30 (iii) 0.0063% for June 1, 2008, through May 31,

- 1 2009.
- 2 (iv) 0.0120% for June 1, 2009, through May 31, 2010.
- 3 (v) 0.0203% for June 1, 2010, through May 31, 2011.
- 4 (vi) 0.0325% for June 1, 2011, through May 31, 2012.
- 5 (vii) 0.0510% for June 1, 2012, through May 31,
- 6 2013.
- 7 (viii) 0.0840% for June 1, 2013, through May 31,
- 8 2014.
- 9 (ix) 0.1440% for June 1, 2014, through May 31, 2015.
- 10 (x) 0.2500% for June 1, 2015, through May 31, 2016.
- 11 (xi) 0.2933% for June 1, 2016, through May 31, 2017.
- 12 (xii) 0.3400% for June 1, 2017, through May 31,
- 13 2018.
- 14 (xiii) 0.3900% for June 1, 2018, through May 31,
- 15 2019.
- 16 (xiv) 0.4433% for June 1, 2019, through May 31,
- 17 2020.
- 18 (xv) 0.5000% for June 1, 2020, [and thereafter]
- 19 through May 31, 2030.

20 (3) Upon commencement of the beginning of the 6th

21 reporting year, the commission shall undertake a review of

22 the compliance by electric distribution companies and

23 electric generation suppliers with the requirements of this

24 act. The review shall also include the status of

25 [alternative] PRESS energy technologies within this

26 Commonwealth and the capacity to add additional [alternative]

27 PRESS energy resources. The commission shall use the results

28 of this review to recommend to the General Assembly

29 additional compliance goals beyond year 15. The commission

30 shall work with the department in evaluating the future

1 [alternative] PRESS energy resource potential.

2 (c) Tier II share.--Of the electrical energy required to be
3 sold from [alternative] PRESS energy sources identified in Tier
4 II, the percentage that must be from these technologies is for:

5 (1) Years 1 through 4 - 4.2%.

6 (2) Years 5 through 9 - 6.2%.

7 (3) Years 10 through 14 - 8.2%.

8 (4) Years 15 [and thereafter] through 19 - 10.0%.

9 (5) Beginning on June 1, 2025, through May 31, 2026, the
10 electrical energy required to be sold from PRESS energy
11 sources identified in Tier II, the percentage that shall be
12 from these technologies is 6%.

13 (6) Beginning June 1, 2026, through May 31, 2034, the
14 percentage that must be from these technologies shall
15 increase by 0.5% each year so that at least 10% of the
16 electric energy is sold from PRESS energy sources identified
17 in Tier II by May 31, 2034, and each year thereafter.

18 (c.1) Tier III share.--Of the electrical energy required to
19 be sold from PRESS energy sources identified in Tier III, the
20 percentage that must be from these technologies is:

21 (1) June 1, 2025, through May 31, 2028 - 3.8%.

22 (2) June 1, 2028, through May 31, 2031 - 4.4%.

23 (3) June 1, 2031, and thereafter - 5%.

24 (d) [Exemption during cost-recovery period.--Compliance with
25 subsections (a), (b) and (c) shall not be required for any
26 electric distribution company that has not reached the end of
27 its cost-recovery period or for electric generation supplier
28 sales in the service territory of an electric distribution
29 company that has not reached the end of its cost-recovery
30 period. At the conclusion of an electric distribution company's

1 cost-recovery period, this exception shall no longer apply, and
2 compliance shall be required at the percentages in effect at
3 that time. Electric distribution companies and electric
4 generation suppliers whose sales are exempted under this
5 subsection and who voluntarily sell electricity generated from
6 Tier I and Tier II sources during the cost-recovery period may
7 bank credits consistent with subsection (e) (7).] (Reserved).

8 (e) [Alternative] Reliable energy credits.--

9 (1) The commission shall establish [an alternative] a
10 reliable energy credits program as needed to implement this
11 act. The provision of services pursuant to this section shall
12 be exempt from the competitive procurement procedures of 62
13 Pa.C.S. (relating to procurement).

14 (2) The commission shall approve an independent entity
15 to serve as the [alternative] reliable energy credits program
16 administrator. The administrator shall have those powers and
17 duties assigned by commission regulations. [Such] The powers
18 and duties shall include, but not be limited to, the
19 following:

20 (i) To create and administer [an alternative] a
21 reliable energy credits certification, tracking and
22 reporting program. [This program should] The program
23 shall include, at a minimum, a process for qualifying
24 [alternative] PRESS energy systems and determining the
25 manner credits can be created, accounted for, transferred
26 and retired.

27 (ii) To submit reports to the commission at such
28 times and in such manner as the commission shall direct.

29 (3) All qualifying [alternative] PRESS energy systems
30 [must] shall include a qualifying meter to record the

1 cumulative electric production to verify the advanced energy
2 credit value. Qualifying meters will be approved by the
3 commission as defined in paragraph (4).

4 (4) (i) An electric distribution company or electric
5 generation supplier shall comply with the applicable
6 requirements of this section by purchasing sufficient
7 [alternative] reliable energy credits and submitting
8 documentation of compliance to the program administrator.

9 (ii) For purposes of this subsection, one
10 [alternative] reliable energy credit shall represent one
11 megawatt hour of qualified [alternative] electric
12 generation, whether self-generated, purchased along with
13 the electric commodity or separately through a tradable
14 instrument and otherwise meeting the requirements of
15 commission regulations and the program administrator.

16 (5) The [alternative] reliable energy credits program
17 shall include provisions requiring a reporting period [as
18 defined in section 2] for all covered entities under this
19 act. The [alternative] reliable energy credits program shall
20 also include a true-up period [as defined in section 2]. The
21 true-up period shall provide entities covered under this act
22 the ability to obtain the required number of [alternative]
23 reliable energy credits or to make up any shortfall of the
24 [alternative] reliable energy credits they may be required to
25 obtain to comply with this act. A force majeure provision
26 shall also be provided for under the true-up period
27 provisions.

28 (6) An electric distribution company and electric
29 generation supplier may bank or place in reserve
30 [alternative] reliable energy credits produced in one

1 reporting year for compliance in either or both of the two
2 subsequent reporting years, subject to the limitations [set
3 forth] specified in this subsection and provided that the
4 electric distribution company and electric generation
5 supplier are in compliance for all previous reporting years.
6 [In addition, the] The electric distribution company and
7 electric generation supplier shall demonstrate to the
8 satisfaction of the commission that [such] the credits:

9 (i) were in excess of the [alternative] reliable
10 energy credits needed for compliance in the year in which
11 they were generated and that [such] the excess credits
12 have not previously been used for compliance under this
13 act;

14 (ii) were produced by the generation of electrical
15 energy by [alternative] PRESS energy sources and sold to
16 retail customers during the year in which they were
17 generated; and

18 (iii) have not otherwise been nor will be sold,
19 retired, claimed or represented as part of satisfying
20 compliance with alternative or renewable energy portfolio
21 standards in other states.

22 [(7) An electric distribution company or an electric
23 generation supplier with sales that are exempted under
24 subsection (d) may bank credits for retail sales of
25 electricity generated from Tier I and Tier II sources made
26 prior to the end of the cost-recovery period and after the
27 effective date of this act. Bankable credits shall be limited
28 to credits associated with electricity sold from Tier I and
29 Tier II sources during a reporting year which exceeds the
30 volume of sales from such sources by an electric distribution

1 company or electric generation supplier during the 12-month
2 period immediately preceding the effective date of this act.
3 All credits banked under this subsection shall be available
4 for compliance with subsections (b) and (c) for no more than
5 two reporting years following the conclusion of the cost-
6 recovery period.]

7 (8) The commission or its designee shall develop a
8 registry of pertinent information regarding all available
9 [alternative] reliable energy credits, credit transactions
10 among electric distribution companies and electric generation
11 suppliers, the number of [alternative] reliable energy
12 credits sold or transferred and the price paid for the sale
13 or transfer of the credits. The registry shall provide
14 current information to electric distribution companies,
15 electric generation suppliers and the general public on the
16 status of [alternative] reliable energy credits created, sold
17 or transferred within this Commonwealth.

18 (9) The commission may impose an administrative fee on
19 [an alternative] a reliable energy credit transaction. The
20 amount of this fee may not exceed the actual direct cost of
21 processing the transaction by the [alternative] reliable
22 energy credits administrator. The commission [is authorized
23 to] may utilize up to 5% of the alternative compliance fees
24 generated under subsection (f) for administrative expenses
25 directly associated with this act.

26 (10) The commission shall establish regulations
27 governing the verification and tracking of energy efficiency
28 and demand-side management measures [pursuant to] under this
29 act, which shall include benefits to all utility customer
30 classes. When developing regulations, the commission [must]

1 shall give reasonable consideration to existing and proposed
2 regulations and rules in existence in the regional
3 transmission organizations that manage the transmission
4 system in any part of this Commonwealth. All verified
5 reductions shall accrue credits starting with the [passage]
6 enactment of this act.

7 (11) The commission shall [within 120 days of the
8 effective date of this act] not later than March 30, 2005,
9 develop a depreciation schedule for [alternative] reliable
10 energy credits created through demand-side management, energy
11 efficiency and load management technologies and shall develop
12 standards for tracking and verifying savings from energy
13 efficiency, load management and demand-side management
14 measures. The commission shall allow for a 60-day public
15 comment period and shall issue final standards within 30 days
16 of the close of the public comment period.

17 (12) Unless a contractual provision explicitly assigns
18 [alternative] reliable energy credits in a different manner,
19 the owner of the [alternative] reliable energy system or a
20 customer-generator owns any and all [alternative] reliable
21 energy credits associated with or created by the production
22 of electric energy by such facility or customer, and the
23 owner or customer shall be entitled to sell, transfer or take
24 any other action to which a legal owner of property is
25 entitled to take with respect to the credits.

26 (13) No PRESS energy system shall be eligible to sell
27 reliable energy credits associated with or created by the
28 production of electric energy subsequently utilized to
29 generate or produce virtual currency at a facility co-located
30 with the PRESS energy system, or where a power purchase

1 agreement commits the offtake of electric energy to a virtual
2 currency generator or producer. Reliable energy credits may
3 be sold based upon the proportion of electric energy at the
4 facility that is not utilized to generate or produce virtual
5 currency.

6 (14) An individual generating unit with a nameplate
7 capacity over 150 megawatts must be located in this
8 Commonwealth to be eligible for reliable energy credits. The
9 commission may promulgate a regulation to change the
10 nameplate capacity for purposes of this paragraph if the
11 commission determines that a change to the nameplate capacity
12 is necessary to prevent a force majeure event or the ongoing
13 imposition of alternative compliance payments due to lack of
14 availability of reliable energy credits.

15 (15) No PRESS energy source may be offered to meet the
16 compliance requirements of more than one tier unless the
17 source is owned or leased by and located on the grounds of a
18 school district as defined in section 102 of the act of March
19 10, 1949 (P.L.30, No.14), known as the Public School Code of
20 1949. If a PRESS energy source is owned or leased by and
21 located on the grounds of a school district, a school
22 district may offer credits from a Tier I PRESS energy source
23 to meet the compliance requirements of Tier I and either Tier
24 II or Tier III. A school district may not offer credits to
25 meet the compliance obligations of more than one tier in any
26 year in excess of the school district's requirement for
27 electricity in the same year.

28 (16) (i) PRESS energy sources eligible for compliance
29 requirements in Tier II, Tier III and solar photovoltaic
30 technologies eligible for compliance requirements under

1 subsection (b) (2) must meet one of the following
2 requirements:

3 (A) directly deliver the electricity generated
4 to a retail customer of an electric distribution
5 company or to the distribution system operated by an
6 electric distribution company operating within this
7 Commonwealth and obligated to meet the compliance
8 requirements contained under this act;

9 (B) be directly connected to the electric system
10 of an electric cooperative or municipal electric
11 system operating within this Commonwealth;

12 (C) connect directly to the electric
13 transmission system at a location that is within the
14 service territory of an electric distribution company
15 operating within this Commonwealth; or

16 (D) generate electricity at generation units
17 whose construction and operation is subject to and
18 complies with permits issued by the department under
19 the act of January 8, 1960 (1959 P.L.2119, No.787),
20 known as the Air Pollution Control Act, or the act of
21 July 7, 1980 (P.L.380, No.97), known as the Solid
22 Waste Management Act.

23 (ii) This paragraph shall not be construed to affect
24 a binding written contract, entered into prior to the
25 effective date of this paragraph, for the sale and
26 purchase of alternative energy credits derived from
27 alternative energy sources until June 1, 2028.

28 (iii) Beginning June 1, 2030, 10% of the electric
29 energy sold by an electric distribution company or
30 electric generation supplier to retail electric customers

1 in this Commonwealth and that is used to satisfy Tier I
2 obligations shall be generated from Tier I PRESS energy
3 sources that meet one of the requirements of subparagraph
4 (i). The percentage shall increase by 1% in each
5 subsequent compliance year through June 1, 2050.

6 (17) Energy from a geothermal heating and cooling system
7 is eligible to sell reliable energy credits associated with
8 or created by the production of energy of the system.
9 Reliable energy credits from a geothermal heating and cooling
10 system shall be created based on the amount of energy,
11 converted from BTUs to kilowatt-hours, that is generated by a
12 geothermal heating and cooling system for space heating and
13 cooling or water heating. The commission shall determine the
14 form and manner in which the reliable energy credits are
15 verified.

16 (18) For binding written contracts for the sale and
17 purchase of alternative energy credits derived from
18 alternative energy sources entered into prior to the
19 effective date of this paragraph, the following shall apply
20 until June 1, 2028:

21 (i) A Tier I alternative energy source may be
22 offered for compliance purposes as a Tier I PRESS energy
23 source.

24 (ii) A Tier II alternative energy source may be
25 offered for compliance purposes as a Tier II PRESS energy
26 source.

27 (f) Alternative compliance payment.--

28 (1) At the end of each program year, the program
29 administrator shall provide a report to the commission and to
30 each covered electric distribution company showing their

1 status level of [alternative] reliable energy acquisition.

2 (2) The commission shall conduct a review of each
3 determination made under subsections (b), [and] (c) and
4 (c.1). If, after notice and hearing, the commission
5 determines that an electric distribution company or electric
6 generation supplier has failed to comply with subsections
7 (b), [and] (c) and (c.1), the commission shall impose an
8 alternative compliance payment on that company or supplier.

9 (3) [The] (i) Through May 31, 2025, the alternative
10 compliance payment, with the exception of the solar
11 photovoltaic share compliance requirement [set forth]
12 specified in subsection (b)(2), shall be \$45 times the
13 number of additional [alternative] reliable energy
14 credits needed in order to comply with subsection (b) or
15 (c).

16 (ii) Subject to subparagraph (iii), beginning June
17 1, 2025, and continuing each year thereafter, the
18 alternative compliance payment, with the exception of the
19 solar photovoltaic share compliance requirement specified
20 in subsection (b)(2), shall be \$45 times the number of
21 additional reliable energy credits needed in order to
22 comply with subsection (b). The alternative compliance
23 payment shall be \$35 times the number of reliable energy
24 credits needed in order to comply with subsection (c).
25 The alternative compliance payment shall be \$15 times the
26 number of reliable energy credits needed in order to
27 comply with subsection (c.1).

28 (iii) Beginning June 1, 2030, and continuing each
29 year thereafter, the commission may increase the
30 alternative compliance payment amount applicable in any

1 tier under this paragraph by up to 15% of the alternative
2 compliance payment amount from the prior year if the
3 commission finds that an increased alternative compliance
4 payment amount would promote the installation of more
5 PRESS energy systems.

6 (4) The alternative compliance payment for the solar
7 photovoltaic share shall be 200% of the average market value
8 of solar renewable energy credits sold during the reporting
9 period within the service region of the regional transmission
10 organization, including, where applicable, the levelized up-
11 front rebates received by sellers of solar renewable energy
12 credits in other jurisdictions in the PJM Interconnection,
13 L.L.C. transmission organization (PJM) or its successor.

14 (5) The commission shall establish a process to provide
15 for, at least annually, a review of the [alternative] PRESS
16 energy market within this Commonwealth and the service
17 territories of the regional transmission organizations that
18 manage the transmission system in any part of this
19 Commonwealth. The commission will use the results of this
20 study to identify any needed changes to the cost associated
21 with the alternative compliance payment program. If the
22 commission finds that the costs associated with the
23 alternative compliance payment program must be changed, the
24 commission shall present these findings to the General
25 Assembly for legislative enactment.

26 (g) Transfer to sustainable development funds.--

27 (1) Notwithstanding the provisions of 66 Pa.C.S. §§ 511
28 (relating to disposition, appropriation and disbursement of
29 assessments and fees) and 3315 (relating to disposition of
30 fines and penalties), alternative compliance payments imposed

1 pursuant to this act shall be paid into Pennsylvania's
2 Sustainable Energy Funds created under the commission's
3 restructuring orders under 66 Pa.C.S. Ch. 28 (relating to
4 restructuring of electric utility industry). Alternative
5 compliance payments shall be paid into a special fund of the
6 Pennsylvania Sustainable Energy Board, established by the
7 commission under Docket M-00031715, and made available to the
8 Regional Sustainable Energy Funds under procedures and
9 guidelines approved by the Pennsylvania Energy Board.

10 (2) The alternative compliance payments shall be
11 utilized solely for reliability projects that will increase
12 the amount of electric energy generated from [alternative
13 energy resources for purposes of compliance with subsections
14 (b) and (c).]:

15 (i) geothermal energy;

16 (ii) storage resources co-located with a Tier I
17 PRESS energy source with 10% nameplate capacity available
18 every hour for a 24-hour period; or

19 (iii) a Tier I PRESS energy source owned or leased
20 by and located on the grounds of a school district as
21 defined in section 102 of the Public School Code of 1949.

22 (3) No less than 40% of funds shall be dedicated to
23 reliability projects located in environmental justice areas
24 under paragraph (2).

25 (h) Nonseverability.--The provisions of subsection (a) are
26 declared to be nonseverable. If any provision of subsection (a)
27 is held invalid, the remaining provisions of this act shall be
28 void.

29 Section 4. Portfolio requirements in other states.

30 If an electric distribution supplier or electric generation

1 company provider sells electricity in any other state and is
2 subject to renewable energy portfolio requirements in that
3 state, they shall list any such requirement and shall indicate
4 how it satisfied those renewable energy portfolio requirements.
5 To prevent double-counting, the electric distribution supplier
6 or electric generation company shall not satisfy Pennsylvania's
7 [alternative] reliable energy [portfolio] requirements using
8 [alternative] PRESS energy used to satisfy another state's
9 portfolio requirements or alternative energy credits already
10 purchased by individuals, businesses or government bodies that
11 do not have a compliance obligation under this act unless the
12 individual, business or government body sells those credits to
13 the electric distribution company or electric generation
14 supplier. Energy derived from [alternative] PRESS energy sources
15 inside the geographical boundaries of this Commonwealth shall be
16 eligible to meet the compliance requirements under this act.
17 Energy derived from [alternative] PRESS energy sources located
18 outside the geographical boundaries of this Commonwealth but
19 within the service territory of a regional transmission
20 organization that manages the transmission system in any part of
21 this Commonwealth shall only be eligible to meet the compliance
22 requirements of electric distribution companies or electric
23 generation suppliers located within the service territory of the
24 same regional transmission organization. For purposes of
25 compliance with this act, [alternative] PRESS energy sources
26 located in the PJM Interconnection, L.L.C. regional transmission
27 organization (PJM) or its successor service territory shall be
28 eligible to fulfill compliance obligations of all Pennsylvania
29 electric distribution companies and electric generation
30 suppliers. Energy derived from [alternative] PRESS energy

1 sources located outside the service territory of a regional
2 transmission organization that manages the transmission system
3 in any part of this Commonwealth shall not be eligible to meet
4 the compliance requirements of this act. Electric distribution
5 companies and electric generation suppliers shall document that
6 this energy was not used to satisfy another state's renewable
7 energy portfolio standards.

8 Section 6. Health and safety standards.

9 The department shall cooperate with the Department of Labor
10 and Industry as necessary in developing health and safety
11 standards, as needed, regarding facilities generating energy
12 from [alternative] PRESS energy sources. The department shall
13 establish appropriate and reasonable health and safety standards
14 to ensure uniform and proper compliance with this act by owners
15 and operators of facilities generating energy from [alternative]
16 PRESS energy sources [as defined in this act].

17 Section 7. Interagency responsibilities.

18 (a) Commission responsibilities.--The commission [will]
19 shall carry out the responsibilities delineated within this act.
20 The commission also shall, in cooperation with the department,
21 conduct an ongoing [alternative] PRESS energy resources planning
22 assessment for this Commonwealth. [This assessment will] The
23 assessment shall, at a minimum, identify current and operating
24 [alternative] PRESS energy facilities, the potential to add
25 future [alternative] PRESS energy generating capacity and the
26 conditions of the [alternative] PRESS energy marketplace. The
27 assessment [will] shall identify needed methods to maintain or
28 increase the relative competitiveness of the [alternative] PRESS
29 energy market within this Commonwealth.

30 (b) Department responsibilities.--The department shall

1 ensure that all qualified [alternative] PRESS energy sources
2 meet all applicable environmental standards and shall verify
3 that [an alternative] a PRESS energy source meets the standards
4 [set forth] specified in section 2.

5 (c) Cooperation between commission and department.--The
6 commission and the department shall work cooperatively to
7 monitor the performance of all aspects of this act and [will]
8 shall provide an annual report to the chairman and minority
9 chairman of the Environmental Resources and Energy Committee of
10 the Senate and the chairman and minority chairman of the
11 Environmental Resources and Energy Committee of the House of
12 Representatives. The report shall include at a minimum:

13 (1) The status of the compliance with the provisions of
14 this act by electric distribution companies and electric
15 generation suppliers.

16 (2) Current costs of [alternative] PRESS energy on a per
17 kilowatt hour basis for all [alternative] PRESS energy
18 technology types.

19 (3) Costs associated with the [alternative] reliable
20 energy credits program under this act, including the number
21 of alternative compliance payments.

22 (4) The status of the [alternative] PRESS energy
23 marketplace within this Commonwealth.

24 (5) Recommendations for program improvements.

25 Section 4. The act is amended by adding a section to read:
26 Section 8.1. Zero emissions credits.

27 (a) Beneficial nuclear facility.--A nuclear reactor that
28 provides benefits to this Commonwealth may apply to the
29 commission for ZECs.

30 (b) Duty of commission.--After notice and opportunity for a

1 hearing, the commission shall approve or disapprove an
2 application submitted under subsection (a) within nine months
3 after the application is filed, provided that approval may be in
4 whole or in part and may be subject to such limitations and
5 qualifications as may be deemed necessary and in the public
6 interest. The limitations shall include, but are not limited to,
7 a cap of 75,000,000 megawatt-hours of ZECs approved each year.

8 (c) Price of ZEC.--The price of a ZEC shall be the amount by
9 which \$9 per MWh exceeds 80% of the difference of the gross
10 receipts of the nuclear reactor for the previous year expressed
11 as a dollar per MWh, and \$31 per MWh. The MWh dollar values
12 shall be adjusted annually by the commission to reflect changes
13 in the Consumer Price Index for All Urban Consumers (CPI-U) for
14 the Pennsylvania, New Jersey, Delaware and Maryland area after
15 2032. The commission shall transmit a notice of the adjustment
16 to the Legislative Reference Bureau for publication in the next
17 available issue of the Pennsylvania Bulletin.

18 (d) Regulations.--Within 365 days prior to the expiration of
19 the availability of zero-emission nuclear power production
20 credits established under section 45U of the Internal Revenue
21 Code of 1986 (26 U.S.C. § 45U), the commission shall promulgate
22 regulations to implement the requirements of this section. The
23 regulations shall include the following:

24 (1) data submission requirements necessary to evaluate
25 projected environmental benefits and to verify annual gross
26 receipts; and

27 (2) recapture of the allocation of any credit within the
28 previous three years to a beneficial nuclear reactor that
29 permanently terminates operations, except in the case of a
30 force majeure.

1 (e) Ineligibility.--A beneficial nuclear facility shall not
2 be eligible to receive ZECs during any period in which they are
3 receiving zero-emission nuclear power production credits
4 established under section 45U of the Internal Revenue Code of
5 1986.

6 (f) Recovery of costs.--Where the commission has approved
7 ZECs under subsection (a) it shall allow the public utility to
8 recover all prudent and reasonable costs associated with the
9 credits, provided that the prudent and reasonable costs must be
10 recovered in accordance with appropriate accounting principles.

11 (g) Expiration.--This section shall expire 10 years after
12 the effective date of the regulations promulgated by the
13 commission under subsection (d).

14 Section 5. A reference in statute or regulation to
15 "Alternative Energy Portfolio Standards" shall be deemed a
16 reference to "Pennsylvania Reliable Energy Sustainability
17 Standards."

18 Section 6. This act shall take effect as follows:

19 (1) The addition of section 3(e)(16)(ii) and (18) of the
20 act shall take effect immediately.

21 (2) This section shall take effect immediately.

22 (3) The remainder of this act shall take effect June 1,
23 2025.