

HOUSE OF REPRESENTATIVES
DEMOCRATIC COMMITTEE

BILL ANALYSIS

BILL NO: **SS-SB0025** PN0054

SPONSOR: Sen. Waugh

COMMITTEE: Environmental Resources and Energy

DATE: October 3, 2008

PROPOSAL/EXECUTIVE SUMMARY: SS-SB25 amends the Alternative Energy Portfolio Standards Act. The bill redefines “alternative energy sources” and provides for Tier II alternative energy portfolio standards.

EXISTING LAW: The act of November 30, 2004 (P.L. 1672, No. 213) provides for alternative energy to be generated from renewable sources that are more beneficial for the environment. The act defines alternative energy sources and breaks them into two Tiers, “Tier I” and “Tier II.”

Tier I establishes that after 15 years, 8% of energy has to come from alternative energy as defined under Tier I. The amount wouldn’t be abrupt, but rather a gradual increase over the years. This type of energy is classified as coming from solar photovoltaic technologies. Tier II established that after 15 years, 10% of energy has to come from alternative energy as defined under Tier II. The act also establishes the timeline in which the electric increases would take place over the years; setting these changes in intervals of four years.

ANALYSIS:

SECTION 1 redefines terms referenced in *Section 2* of the Act.

“*Alternative energy sources*” further defines low-impact hydropower to include a Federal Energy Regulatory Commission (FERC) licensed capacity of 21 Megawatts or less. Further recognizing the low-impact hydropower source, it must have had a license issued by FERC prior to January 1, 1984, and held on July 1, 2007. The hydropower source must have been held within a Pennsylvania municipality or cooperative during that time.

Biomass Energy shall also mean the generation of electricity created by utilizing the by-products of the pulping and wood manufacturing process (including bark, wood chips, sawdust and lignins in spent pulping liquors). These by-products can only be included if the electricity is generated within the commonwealth.

“*Tier II alternative energy source*” was amended to include the generation of electricity utilizing the by-products of the pulping and wood manufacturing process. This would be a Tier II alternative energy source of electricity to be generated outside of the commonwealth.

SECTION 2 amends *Section 3(b)* of the Act and adds *Section 3(b)(1.1)* to the Act.

Section 3(b)(1) requires increasing the total percentage of Tier I alternative energy by 2%. This increase requires more alternative energy to come from Tier I and will equal the 10% requirement by alternative energy in Tier II.

Section 3(b)(1.1) requires FERC to increase quarterly Tier I alternative energy sold by an electric distribution company. These increases demand more out of Tier I, which provides for cleaner and more renewable energy.

The electric distribution companies must comply with these new increases in order to classify their “low-impact hydropower” or “biomass” energy as an alternative energy source under Tier I:

- 0.3000% for June 1, 2015, through May 31, 2016.
- 0.4000% for June 1, 2016, through May 31, 2017.
- 0.6000% for June 1, 2017, through May 31, 2018.
- 0.7300% for June 1, 2018, through May 31, 2019.
- 0.8600% for June 1, 2019, through May 31, 2020.
- 1.0000% for June 1, 2020, and thereafter.

EFFECTIVE DATE: 60 days

PREPARED BY: David C. Cummings, BMC Fellow, 772-9858