



# Alternative Energy & Economic Development in Pennsylvania

## Alternative Energy Portfolio Standards Act

Generally, the Alternative Energy Portfolio Standards (AEPS) Act requires that a certain percentage of all electric energy sold to retail customers be derived from alternative energy sources such as solar, wind, hydropower, biomass, biologically derived methane gas, and demand-side management resources. The Pennsylvania Public Utility Commission (PUC) continues to implement the AEPS Act, which was designed to foster economic development and encourage reliance on more diverse and environmentally friendly sources of energy. The law applies to both electric distribution companies (EDCs) and electric generation suppliers (EGSs) who must demonstrate their compliance on an annual basis.

While the AEPS Act does not mandate exactly which resources must be utilized and in what quantities, certain minimum thresholds must be met for the use of Tier I, Tier II, and solar photovoltaic resources. The level of alternative energy required gradually increased according to a fifteen-year schedule, culminating with an 8% benchmark for Tier I resources, which includes a 0.5% in-state solar requirement and a 10% benchmark for Tier II resources by 2021.

Tier I resources include solar thermal electric, out-of-state solar photovoltaic, wind, low-impact hydropower, geothermal electric energy, biologically derived methane gas, fuel cells, biomass, electricity produced in-state from the by-products of pulping and wood manufacturing industries, and coal mine methane. Tier II resources include electricity produced in-state from waste coal, distributed generation systems, demand-side management, large-scale hydropower, pumped storage hydropower, municipal solid waste, and integrated combined coal gasification technology.

## Alternative Energy Credits (AECs)

The AEPS Act requires that retail energy suppliers utilize AECs for demonstrating compliance with the standard. An AEC is created for each 1,000 kWh of electricity from a qualified alternative energy source. The AEC is then sold or traded separately from the power. This makes it easier for individuals and businesses to finance and invest in alternative energy. Owners of qualified alternative energy resources must submit an application to the PUC's alternative energy credit program administrator to be qualified as an alternative energy facility under this program. More information is available on the PUC website at [www.puc.pa.gov](http://www.puc.pa.gov) by clicking on Electricity, then Renewable Energy, then Alternative Energy, then [AEPS Website](#). The website includes information such as:

- The application and registration of alternative energy facilities that qualify for the AEPS program;
- Information on the management of AECs produced by small customer-owned generators and energy efficiency measures; and
- Information about the trade of AECs for customer-owned generators and energy-efficiency measures.

In addition to registering with the PUC's alternative energy credit administrator, customer-generators also have to register with the PJM | EIS Generation Attribute Tracking System (GATS), which is a credit issuance and tracking system for alternative energy credits. Once the application is approved and the system is registered in GATS, owners of alternative energy systems will begin to earn AECs.

For alternative energy facilities, that are linked to PJM Interconnection, LLC (PJM), AECs will be deposited directly into the facility's GATS account once the application has been approved and the facility has been accepted into the program. GATS is used to track compliance with the Act. For facilities that are not interconnected to PJM (primarily small, customer-owned systems and energy efficiency/demand-side management resources), AECs can be managed through the GATS website.

If a customer-generator or other AEPS-qualified facility owner is represented by an aggregator, the aggregator, upon permission of the owner, may opt to fulfill all of the steps above. After an account has been created on the GATS website, an online bulletin board is available to advertise AECs that have been issued. All credit transactions will be tracked through the PJM-GATS website, which will help facilitate the sale, transfer, and retirement of AECs to the EDCs and EGSs who are required to purchase AECs for compliance with the AEPS program. More information on PJM-GATS is available at [www.pjm-eis.com](http://www.pjm-eis.com).

## Customer-Generators

Another major component of the AEPS Act includes directions for how small customer-generators who use technologies such as solar panels, wind turbines or anaerobic digesters connect to the electric distribution system. In general, a customer-generator is an EDC customer that owns or operates a qualified alternative energy source, which is net metered, and sized no larger than 50 kilowatts for residential customers and no larger than 3,000 kilowatts for non-residential customers.

The PUC adopted interconnection standards, which are the technical standards governing the physical connection of a customer-generator's alternative energy system to an EDC's distribution infrastructure. The associated interconnection regulations promote onsite generation by customer-generators using alternative energy resources and eliminate barriers that may have previously existed regarding interconnection. These regulations set forth specific levels of review and review criteria depending on the rated generation capacity of the generation equipment. The regulations also provide for a dispute resolution process to manage disputes which may arise during the interconnection process.

To apply for interconnection, customer-generators should visit the website of their EDC for application instructions, interconnection forms, and application fees. Electric utility interconnection information may be found at [Electric Utility Interconnection Technical Contacts](#).

The AEPS Act and subsequent amendments provide for the retail compensation for electricity generated by any AEPS-qualified generating system that is owned or operated by a customer-generator. Additional information on interconnection standards and net metering standards can be found on the PUC website at [www.puc.pa.gov](http://www.puc.pa.gov) by clicking on Electricity, then Renewable Energy, then [Alternative Energy](#).

If you are a customer-generator who has signed up for net metering with your EDC, and you choose to shop for electricity from an EGS, you will no longer receive credit for excess generation from the EDC after switching to an EGS. The utility will provide you with a final credit for any energy you produced prior to the switch. Furthermore, it is imperative to understand that EGSs are not required to provide net metering. Therefore, prior to enrollment with an EGS, net metering/renewable service customers should contact prospective EGSs to find out if these EGSs offer any credits for energy produced.



The Pennsylvania Public Utility Commission

1-800-692-7380

For people with speech or hearing loss,  
dial 7-1-1 (Telecommunications Relay Service)

[www.puc.pa.gov](http://www.puc.pa.gov)

[RA-AEPS@pa.gov](mailto:RA-AEPS@pa.gov)

