



17 North Second Street  
12th Floor  
Harrisburg, PA 17101-1601  
717-731-1970 Main  
717-731-1985 Fax  
www.postschell.com

Andrew S. Tubbs

atubbs@postschell.com  
717-612-6057 Direct  
717-731-1985 Fax  
File #:

August 30, 2010

BY HAND

Rosemary Chiavetta  
Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor North  
P.O. Box 3265  
Harrisburg, PA 17105-3265

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SECRETARY'S BUREAU

**RE: Petition of Duquesne Light Company to Contest the Finding of Non-Compliance with the Alternative Energy Portfolio Standards Act and Modify the Alternative Compliance Payment or, in the alternative, Declare a Force Majeure for Duquesne Light Company for the 2008/2009 Alternative Energy Compliance Period - Docket No. P-2010-2153577**

Dear Secretary Chiavetta:

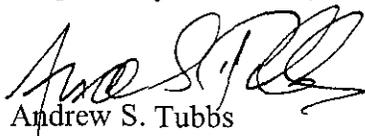
As directed by Ordering Paragraph No. 3 of the Interim Order in the above-referenced proceeding, enclosed please find copies of the following written testimony:

- CEEP St. No. 1 - Direct Testimony of Wayne L. Williams, Ph.D
- CEEP St. No. 2 – Direct Testimony of Dina M. Deana
- OSBA St. No. 1 – Direct Testimony Brian Kalcic
- Duquesne Light Company St. No. 1 – Direct Testimony of Anthony F. Pekny
- Duquesne Light Company St. No. 2 – Direct Testimony Gary S. Page
- Duquesne Light Company St. No. 1-R – Rebuttal Testimony of Anthony F. Pekny

A copy of the Interim Order is also enclosed.

August 30, 2010  
Page 2

Respectfully Submitted,



Andrew S. Tubbs

AST/jl

Enclosures

cc: Honorable Katrina L. Dunderdale (letter & certificate of service only)  
Certificate of Service (letter & certificate of service only)

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Docket No. P-2010-2153577**

**Duquesne Light Company  
Statement No. 1-R  
Rebuttal Testimony of Anthony F. Pekny**

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SECRETARY'S BUREAU**

August 18, 2010

1 **Q. Please state your full name and business address.**

2 A. My name is Anthony F. Pekny. My business address is 411 Seventh Avenue, Pittsburgh,  
3 Pennsylvania 15219.

4

5 **Q. By whom are you employed and in what capacity?**

6 A. I am currently the Vice President for Energy Procurement for Duquesne Power, which is  
7 an affiliate of Duquesne Light Company (“Duquesne Light” or “Company”).

8

9 **Q. Have you previously submitted testimony in this proceeding?**

10 A. Yes. On June 25, 2010, I submitted direct testimony (Statement No. 1).

11

12 **Q. What is the purpose of your rebuttal testimony?**

13 A. I will address the issues presented by the Pennsylvania Public Utility Commission’s (the  
14 “Commission”) Bureau of Conservation, Economics and Energy Planning witnesses in  
15 this proceeding, Wayne L. Williams and Dina M. Deana.

16

17 **Duquesne’s 2008 – 2009 Compliance Period**

18 **Q. Mr. Williams notes in his testimony that Duquesne Light is not the first electric**  
19 **distribution company (“EDC”) to have obligations under the Alternative Energy**  
20 **Portfolio Standards (“AEPS”) Act. How do you respond?**

21 A. Mr. Williams is correct that Duquesne Light is not the first Pennsylvania EDC to have  
22 AEPS Act compliance obligations. However, it is the first EDC with compliance  
23 obligations located on the border between PJM Interconnection, LLC (“PJM”) and  
24 Midwest Independent System Operator (“MISO”) and that is permitted to access

1 alternative energy credits (“AECs”) solely from PJM. Mr. Williams notes that  
2 Pennsylvania Power Company (“PennPower”) has been obligated to meet the  
3 requirements of the AEPS Act since February 2007. However, Mr. Williams does not  
4 address the fact that PennPower is the only EDC in Pennsylvania that is permitted to use  
5 AECs from both MISO and PJM. In addition, Electric Generation Suppliers (“EGSS”) to  
6 the extent that they provide service in PennPower’s service territory, are also permitted to  
7 rely on both MISO and PJM generated AECs for AEPS compliance purposes.

8  
9 **Q. Why is the fact that Duquesne Light is on the border of PJM and MISO pertinent?**

10 A. Historically, Duquesne Light has drawn on generation services located in and around its  
11 service territory in Western Pennsylvania. This has included generation in PJM,  
12 PennPower’s service territory, and plants located in MISO and to the west. Further, the  
13 lines between MISO and PJM’s service territories have continued to become less clear  
14 with PJM’s expansion into the Midwest. Indeed, Duquesne Light is located at the seam  
15 where PJM and MISO interconnect.

16  
17 **Q. Please explain.**

18 A. Duquesne Light’s service territory is located at the border of PJM and MISO. However,  
19 with PJM’s expansion into the Midwest, the service territories of both PJM and MISO  
20 have become interspersed. The service territories for both PJM and MISO include the  
21 states of Pennsylvania, Ohio and Michigan as well as others.

22  
23 **Q. How is this fact relevant to this case?**

1 A. The Cadillac AECs at issue in this proceeding were generated in Michigan, a state that is  
2 located in both MISO and PJM. In fact, the Cadillac plant, while located in MISO, is  
3 only 30 miles from PJM's service territory in Michigan. Although Duquesne Light  
4 acknowledges that the AEPS Act restricts its ability to obtain AECs from PJM, the  
5 simple fact that a generation facility is located in Michigan or Illinois does not, in and of  
6 itself, exclude the facility for use by an EDC located in PJM for AEPS Act compliance.  
7 Moreover, as addressed in Duquesne Light's direct testimony, the Commission's AEPS  
8 website and the PJM GATS website listed the Cadillac plant as being qualified to provide  
9 Pennsylvania AECs. Neither website qualified that the Cadillac AECs were limited  
10 solely for use relating to sales in the PennPower service territory, despite the fact that the  
11 geographic location of the facility is clearly pertinent for AEPS Act compliance purposes.

12

13 **Q. Do you have any further comments?**

14 A. Yes. Although the Commission began to verify compliance with the AEPS Act in 2007,  
15 it is evident that EDCs, EGSs and the Commission are still working through ongoing  
16 implementation issues associated with the AEPS Act. Specifically, this proceeding  
17 highlights the fact that the Commission's procedure for qualifying facilities and  
18 informing interested parties of the extent of facilities' qualifications requires  
19 modification. In addition, the Commission's process for verifying compliance,  
20 completing required initial and final assessments, and ultimately the required true-up  
21 period all appear to have systemic problems that require further analysis and remediation.  
22 However, Duquesne Light also recognizes that its internal processes for ensuring AEPS  
23 compliance require improvement. To that end, the Company has undertaken a review of

1 its AEPS compliance procedures and is looking into modifications to its processes to  
2 avoid future compliance issues.

3  
4 **The AECs Verification Processes**

5 **Q. Ms. Deana (at p. 2) describes how to qualify as an alternative energy system, do you**  
6 **have any comments on this description?**

7 A. Yes, Ms. Deana's description supports Duquesne Light's reliance on the Commission's  
8 AEPS Registry of qualified facilities. See Statement No. 1 at p. 8. Ms. Deana explains  
9 (at p. 2) that in qualifying facilities in the Pennsylvania AEPS market, the Commission is  
10 aware of the RTO where the facilities are located. In turn, Duquesne Light relied on the  
11 Commission's registry of qualified facilities.

12  
13 **Q. Ms. Deana chronicles and characterizes certain actions taken by Duquesne Light**  
14 **with regard to the GATS accounts, are her descriptions accurate?**

15 A. I will address some of Ms. Deana's comments later on in my testimony, however, I note  
16 that there appears to be an error on page 12 of Ms. Deana's testimony. She states that  
17 certain transfers to Duquesne Light's GATS PA Reserve account were made on "August  
18 28, 2010." The correct date is "August 28, 2009."

19  
20 **Q. On what date was Duquesne Light informed that the credits from the Cadillac**  
21 **facility were not valid credits?**

22 A. In December 2009 the Commission informed Duquesne Light that its Cadillac credits  
23 were not eligible.

1

2 **Q. Is it easy to determine the specific RTO location where the credits are generated via**  
3 **GATS?**

4 A. No. The difficulty in determining the RTO location is detailed extensively by Ms. Deana  
5 in her direct testimony. Ms. Deana (at pp. 6-7) discusses the multi-step analysis required  
6 to determine the RTO location. In short, RTO location for each AEC is not shown on the  
7 GATS "My RPS Compliance Report," but instead is subject to a state certification code  
8 system. If the state code is from a state located in MISO, Clean Power Markets, Inc.  
9 ("CPM") then checks with GATS administrator as to location in PJM or MISO. Ms.  
10 Deana's testimony highlights the difficult process to verify geographic eligibility,  
11 especially for such pertinent information as RTO location. This is why Duquesne Light  
12 believed its due diligence finding that Cadillac possessed a certificate issued by the  
13 Commonwealth, qualifying it as a Pennsylvania alternative energy facility was  
14 acceptable. See Statement No. 1 at p. 5-8.

15

16 **Q. Would the specific location of the Cadillac facility require the multi-step analysis**  
17 **detailed by Ms. Deana?**

18 A. Yes. The Cadillac facility is in Michigan. Michigan is one of those states with portions  
19 in MISO and PJM. While the Cadillac facility is in the MISO portion of Michigan, it is  
20 located only approximately 30 miles away from the PJM border. Therefore, in order to  
21 ascertain the RTO location of the Cadillac facility, the GATS multi-step analyses must be  
22 undertaken. The AEC Transfer Interface does not provide information regarding either  
23 the state or the RTO in which an AEC was generated, or whether a Pennsylvania-

1 compliant AEC is eligible to meet compliance obligations only for EDCs in a particular  
2 RTO. To determine the location of the facility that generated the AEC, users must “drill  
3 down” into the database for each individual AEC. Even if a user drills down into the  
4 database to determine the location of the facility that generated an AEC, the additional  
5 detail screens do not indicate whether an AEC is eligible to meet only compliance  
6 obligations for Pennsylvania EDCs in a particular RTO.

7  
8 **Q. Are there any other issues concerning the difficulties of ascertaining the RTO**  
9 **location?**

10 A. Yes, there is an issue regarding limited/restricted access to certain information that would  
11 have assisted in ensuring compliance. Ms. Deana notes (at p. 8) that access to certain  
12 information was restricted and that prior to Friday, July 16, 2010, this information was  
13 not located on the public pages of the website. Only recently has the RTO information  
14 been disclosed on the AEPS website. Now EDCs/EGSs have access to the RTO  
15 information by going to <http://paaeps.com/credit/listqualified.do?todo=qualified;>  
16 however, this information was not available during the 2009 reporting period. Therefore,  
17 the RTO information was available on the AEPS website, but it was restricted so that  
18 users such as Duquesne Light could not view it. Had Duquesne Light been able to see  
19 this information, it would have been easier to identify that there was a problem and  
20 corrected it prior to the due date, but this was not the case.

21

1 **The True-Up Period**

2 **Q. Mr. William states (at p. 6) that the true-up period, under the AEPS Act, is “a time**  
3 **for tweaking or adjusting final figures.” Do you agree with this characterization of**  
4 **the true-up period?**

5 A. No. Under the AEPS Act, the true-up period is the period each year from the end of the  
6 reporting year until September 1, *i.e.* June, July and August. 52 Pa. Code § 75.1. During  
7 this true-up period, EDCs/EGSs not in compliance at the end of a reporting period, as  
8 determined by the program administrator under § 75.64(c)(2), may acquire additional  
9 alternative energy credits during the true-up period to satisfy the applicable requirements.  
10 52 Pa. Code §75.61(e). Therefore, it is not a time for just tweaking or adjusting figures.  
11 It also appears from Mr. Williams’ testimony that the Commission does not view the  
12 true-up period as a time for EDCs/EGSs to become compliant, but instead is more a time  
13 to simply verify the number of AECs in EDC/EGS accounts. However, at the same time  
14 Mr. Williams notes that eligibility verification takes longer than a simple verification.  
15 Therefore, Mr. Williams’ view of the true-up period appears to be inconsistent with the  
16 Commission’s regulations on the true-up period and responsibilities of the AEC program  
17 administrator during the true-up period.

18  
19 **Q. Mr. William states (at p. 7) that the responsibility of the AEC program**  
20 **administrator is to check the records of each EDC/EGS in GATS. Do you agree**  
21 **with this characterization of the administrator’s responsibility?**

22 A. No. I am advised by counsel that the Commission’s regulations provide that at the end of  
23 each reporting period, the program administrator is to verify EDC and EGS “compliance”

1 relative to the AEPS Act. Following this review, the credits administrator is to provide  
2 EDCs with written notice of an initial assessment of their compliance status within 45  
3 days of the end of the reporting period or July 15<sup>th</sup>. The AEPS Act also places  
4 affirmative obligations on the Commission. Specifically, the Commission is required to  
5 provide “pertinent” information relative to compliance; perform and issue an initial  
6 assessment; perform and issue a final assessment and provide the EDCs with true true-up  
7 period. See 73 P.S. §1648.3(e). Therefore, in my opinion the AEC program  
8 administrator must do more than just check an EDC/EGS GATS records as maintained  
9 by Mr. Williams. Duquesne Light views this obligation as more than simply verifying  
10 the number of credits. Instead, the AEPS Act and Commission’s regulations establish a  
11 mechanism that verifies compliance and permits an EDC/EGS to “true-up” any identified  
12 deficiencies.

13 I believe that the AEC compliance process is intended to afford a meaningful  
14 opportunity for correction during the true-up period. If there is no qualitative evaluation  
15 of the credits prior to the end of the true-up period, the process does not provide for a  
16 meaningful opportunity for correction. However, Mr. Williams and Ms. Deana seem to  
17 interpret the AEPS Act as to only require a confirmation of the correct number of AECs,  
18 and not require a determination as to whether the correct credits were applied or if the  
19 credits were valid. I do not believe that this is an appropriate interpretation.

20  
21 **Q. Does Ms. Deana have a similar view of the administrator’s responsibility?**

22 **A.** Yes, Ms. Deana (at p. 3) notes that CPM undertakes a “cursory check” to verify that the  
23 accounts have the sufficient number of credits. This does not comport with the

1 Commission's regulations as to the purpose of the "true-up" period – to verify  
2 compliance. This is especially true where the Commission does not begin to verify  
3 eligibility of AECs until after the conclusion of the statutorily provided true-up period, as  
4 discussed by Ms. Deana (at p. 5), where she states she began to verify compliance with  
5 the AEPS Act during the first week of September. Therefore, it appears that this process  
6 started well beyond the reporting period and beyond the true-up period. I note that  
7 according to Ms. Deana:

8 the only procedures, instructions or other documents the Law Bureau, CPM or the  
9 Commission have regarding the evaluation and/or determination of compliance  
10 under the AEPS Act are the AEPS Act at 73 P.S. § 1648.1 et seq. and 66 Pa.C.S.  
11 § 2814, the Commission's Regulations at 52 Pa. Code Chapter 75 and  
12 Commission's opinions and orders implementing the AEPS Act and adopting the  
13 regulations at 52 Pa. Code Chapter 75.  
14

15 Response of D. Deana to Duquesne Light Company's Interrogatory DLC-1-17 appended  
16 as Exhibit AFP-3. Although Ms. Deana acknowledges that the relevant statutory and  
17 regulatory provisions governing the Commission's review of EDC/EGS compliance with  
18 the AEPS Act, it is clear in this matter that the Commission Staff did not adhere to the  
19 statute or its own regulations. Specifically, the Commission Staff, despite having  
20 information relative to the geographic limitations of credits generated at facilities in  
21 MISO – did not provide this pertinent information to EDCs and EGSs. In addition, the  
22 Commission's credit administrator did not complete an initial or a final assessment of  
23 Duquesne's compliance in the timeframes set by the AEPS Act. Therefore, Duquesne  
24 Light believes that the Commission should exercise the discretion referenced by Mr.  
25 Williams in his testimony and either permit the Cadillac credits to be used for compliance

1 or allow the Company to exchange the Cadillac credits to achieve full compliance with  
2 no fine or penalty imposed upon Duquesne Light.

3 **Q. When did Duquesne Light receive the initial assessment of its compliance with the**  
4 **AEPS Act?**

5 A. As stated in my direct testimony (at p. 12) the first communication received by Duquesne  
6 Light relative to that status of its compliance was on October 2, 2009. This was one  
7 month after the true-up period ended. Therefore, Duquesne Light did not receive the  
8 required "initial assessment" by July 15<sup>th</sup>. Notably, "CPM did not conduct any initial  
9 assessments prior to July 15, 2009."<sup>1</sup> Had Duquesne Light received this assessment, it  
10 would have stated that the Company had no credits in its reserve accounts. However, it is  
11 Duquesne's position that such a notice is required and likely would have served to avoid  
12 the situation we now find ourselves in today.

13  
14 **Q. Do you have any other comments on the initial assessment process?**

15 A. Yes, Ms. Deana states on page 10 that she could not give Duquesne Light written notice  
16 of initial assessment because she did not have the necessary sales data until July 23 even  
17 though she asked for such data. However, Ms. Deana seems to also state (at p. 11) that  
18 she received the sales data on July 10, and on July 15 noticed that the EGS data was in  
19 one lump sum. No reason however is provided as to why Duquesne's total obligation  
20 could not be calculated on July 10. I would like to add that CPM did not request all  
21 Pennsylvania EDC and EGS load data from everyone until July 6th which is already 36  
22 days into the "true-up" period. There appears to be no reason to wait for the EGS

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<sup>1</sup> Response of D. Deana to Duquesne Light Company's Interrogatory DLC-1-10 appended as Exhibit AFP-4.

1 breakout. Ms. Deana seems to imply that the primary reason she could not give  
2 Duquesne Light an initial assessment is because the credits were not in the account until  
3 August 28. However, it is my understanding that there was no requirement for Duquesne  
4 Light to have the credits in the account prior to the end of August. Comparatively, as  
5 noted above, there was a requirement that CPM provide Duquesne Light with an initial  
6 assessment by July 15<sup>th</sup>.

7  
8 **Allocation of AECs**

9 **Q. Is it permissible for an EDC/EGS to change credits in its reserve accounts past the**  
10 **end of the true-up period?**

11 A. Yes, according to Mr. Williams (at pp. 9-10, 11), EDCs/EGSs are allowed at his  
12 discretion, to change credits in their reserve accounts past the end of the true-up period  
13 and remove excess credits from reserve accounts. Ms. Deana (at p. 4) also states that the  
14 Commission has discretion to permit the transfer of AECs amongst accounts and to allow  
15 the return of excess credits.

16  
17 **Q. Why is Mr. Williams' ability to permit a transfer of AECs amongst accounts**  
18 **relevant to with regard to Duquesne Light's situation?**

19 A. As noted above, Mr. Williams indicates that he has broad discretion in determining  
20 EDC/EGS compliance and can allocate credits, at his discretion, past the end of the true-  
21 up period. Therefore based on my understanding of Mr. Williams' testimony (at p. 11),  
22 had Duquesne Light placed excess credits in its reserve accounts, the Commission would  
23 have allowed Duquesne Light to replace the ineligible credits with the eligible credits. In

1 reality Duquesne Light had credits available and should have been permitted, to  
2 reallocate credits. As stated by Mr. Page on page 7 of Statement No. 2:

3 ... it is important to note that if Duquesne Power had been aware that these AECs  
4 were non-compliant, it could have immediately substituted other credits that it had  
5 in its repository inventory, and would have done so. At the time, there were  
6 enough AECs in Duquesne Light's account to utilize other AECs for this  
7 compliance period, and to sell the Cadillac plant AECs back into the market.

8 This fact is confirmed by Duquesne Light's response to discovery in this proceeding. In  
9 the summer of 2009, Duquesne Light had 63,406 PJM Tier I produced credits in excess  
10 of the challenged 42,980 Cadillac credits. (Exhibit AFP-5)

11 Notably, one reason that Duquesne Light did not have excess credits in the  
12 Reserve Account was because the credits cannot be removed from that account unless the  
13 administrator removes or allows their removal. With that uncertainty, even though  
14 Duquesne Light had additional credits that could have been used in place of the Cadillac  
15 credits had Duquesne Light known that there was an issue, it did not enter them into the  
16 Reserve Account.

17  
18 **Q. Mr. Williams (at pp. 9-10) and Ms. Deana (at p. 13) indicated that they believed that**  
19 **Duquesne Light had potentially incorrectly distributed AECs across three accounts.**  
20 **Please describe your understanding of this situation.**

21 A. Duquesne experienced difficulty allocating AECs between the three accounts in GATS  
22 and worked with the GATS Administrator to get the AECs distributed across the three  
23 accounts. As noted in the direct testimony of Mr. Page, on October 2, 2009 Duquesne  
24 received an e-mail from Ms. Deana with copies to Mr. Williams and Mr. Ma, the GATS  
25 Administrator stating that she was reviewing the compliance reports in GATS and

1 noticed that certificates were not in the right accounts. Ms. Deana noted that the totals  
2 between the three accounts met the obligations, but that the paperwork needed to reflect  
3 the correct obligations. (See Exhibit GSP-2).

4 That same day, Duquesne received an e-mail from the PJM GATS Administrator  
5 wherein Mr. Ma offered to assist the Company in redistributing the AECs across the  
6 accounts. That day Duquesne sent an e-mail to Ms. Deana and Mr. Ma showing  
7 specifically how Duquesne intended the AECs to be distributed across the accounts. (See  
8 Exhibit AFP-6).

9 In addition, Duquesne informed the Commission's credit administrator and the  
10 PJM GATS Administrator that the GATS system would not allow it to enter pricing data  
11 for some of the AECs. (Exhibit AFP-7)

12 After October 9, 2009, as detailed in Ms. Deana's testimony, several e-mails were  
13 passed between GATS and CPM, to address problems within the GATS system relative  
14 to circular references between reports that were problematic of the GATS system at the  
15 time. These issues were between GATS and CPM on the functionality of the GATS  
16 system and were outside of Duquesne's control. Duquesne restates that throughout this  
17 time, there was detailed information in Duquesne's GATS accounts and in the  
18 spreadsheets that Duquesne sent to determine compliance, as Ms. Deana had notified  
19 Duquesne in the October 2, 2009 e-mail that the total obligation was met.

20  
21 **Q. Do you have any further comments relative to Duquesne's 2009 Compliance period?**

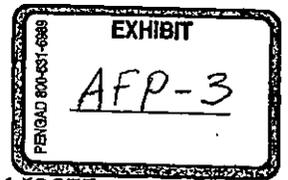
22 A. Yes. To address the Cadillac credits, Duquesne proposes to reallocate or swap the 42,980  
23 of Tier I AECs generated by Cadillac, purchased by Duquesne and submitted for

1 purposes of AEPS Act compliance for the 2008-2009 reporting period for an equal  
2 number of eligible Pennsylvania or PJM Tier I AECs submitted by a MISO eligible  
3 Pennsylvania EDC or Pennsylvania EGS for the 2008-2009 compliance period.  
4 Duquesne has arranged for such a reallocation or swap and will coordinate the  
5 reallocation or swap of the AECs with the Commission and PJM.

6

7 **Q. Does this conclude your rebuttal testimony?**

8 **A. Yes, it does.**



Petition of Duquesne Light Company  
To Contest Finding of Non-compliance with  
The Alternative Energy Portfolio Standards Act

Docket No. P-2010-2153577

**Duquesne Light Company's  
Interrogatories Set I**

**DLC-1-17:** Identify whether the Law Bureau, CPM, or Commission have any internal operating procedures, written instructions, or other documents regarding the evaluation and/or determination of compliance under the AEPS Act. If so, provide a copy of the same.

**Response By:** Dina M. Deana, LEED AP, Project Manager, Clean Power Markets, Inc.

**Response:** The only procedures, instructions or other documents the Law Bureau, CPM or the Commission have regarding the evaluation and/or determination of compliance under the AEPS Act are the AEPS Act at 73 P.S. § 1648.1 *et seq.* and 66 Pa.C.S. § 2814, the Commission's Regulations at 52 Pa. Code Chapter 75 and Commission's opinions and orders implementing the AEPS Act and adopting the regulations at 52 Pa. Code Chapter 75.



Petition of Duquesne Light Company  
To Contest Finding of Non-compliance with  
The Alternative Energy Portfolio Standards Act

Docket No. P-2010-2153577

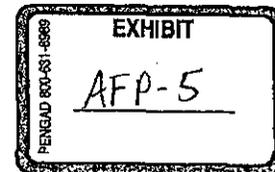
**Duquesne Light Company's  
Interrogatories Set I**

**DLC-1-10:** Confirm whether the Commission's AEPS credit administrator, CPM, conducted any initial assessments of compliance for the 2008/2009 compliance period on or before July 15, 2009. If so, identify the following:

- (a) The number of initial assessments issued by CPM.
- (b) The number of initial assessments finding compliance.
- (c) The number of initial assessments finding non-compliance.

**Response By:** Dina M. Deana, LEED AP, Project Manager, Clean Power Markets, Inc.

**Response:** CPM did not conduct any initial assessments prior to July 15, 2009, as no EDC or EGS had provided CPM with sufficient information to perform an initial assessment.



Duquesne Light Company  
Petition to Contest the Finding of Non-Compliance  
with the Alternative Energy Portfolio Standards Act

Docket No. P-2010-2153557

**CONFIDENTIAL**

**Law Bureau Prosecutory Staff's  
Interrogatories Set I**

**Response By:** Gary Page, Supervisor, Energy Assets and Markets, 411 7<sup>th</sup> Avenue, Pittsburgh, PA 15219

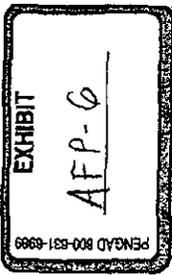
**Question No. 4:** Provide a list of all alternative energy credits owned by Duquesne Light Company between May 31, 2009 and September 1, 2009. Identify the plant name that produced the alternative energy credit, the Tier level, the date generated and the price paid by Duquesne Light Company for each alternative energy credit owned by Duquesne Light Company between May 31, 2009 and September 1, 2009.

**Response:** The following pdf file is a copy of the Duquesne PJM-EIS GATS CEPS Inventory between May 31, 2009 and September 1, 2009. This file shows all of the renewable energy credits owned by Duquesne between May 31, 2009 and September 1, 2009. At that time Duquesne had 145,295 Vintage 2007 Tier I AECs, 57,956 Vintage 2008 AECs and 24,616 Vintage 2009 Tier I AECs for a total of 227,867 Tier I AECs in inventory for Reporting Year 2009 compliance. Duquesne allocated the highlighted AECs in the document for Reporting year 2009 compliance. Duquesne's total Tier I obligation in Reporting Year 2009 was 164,461. Duquesne utilized the 145,295 2007 Vintage Tier I AECs that were due to expire and a portion of the 57,956 Vintage 2008 AECs to satisfy the Tier I obligation leaving 63,406 Tier I AECs in inventory for the next reporting year.

Additionally, Attachment 4b was prepared to show the Excess Tier I RECs in the Duquesne inventory at the time of reporting last year. Attachment 4c shows all were from PJM sources.

In summary, the excess inventory of Tier I PJM produced credits during summer of 2009 of 63,406 was in excess of the challenged 42,980 Cadillac credits.

Interrogatory -4 – RPS Compliance Reserve CEPS 7-31-2009



**From:** Jenkins, Joan M. [mailto:JJenkins@dqe.com]  
**Sent:** Friday, October 02, 2009 4:31 PM  
**To:** maa@pjm.com; Deana, Dina; Jack, Gary  
**Cc:** WAYWILLIAM@state.pa.us; Page, Gary S.  
**Subject:** RE: Duquesne compliance

Alex & Dina,

As you probably know, I had some difficulty transferring the RECs between the DP, DLE & DLC affiliate reserve accounts.

The Duquesne Light Energy Reserve Account contains all Solar RECs for a total of 479 SRECs.

I would like to allocate the 479 SRECs as follows:

142-SRECs to DLE Reserve Account for Compliance		
<u>Certificate Serial Number</u>	<u>Quantity</u>	<u>Month of Generation</u>
50514-1 to 140	140	2008/12
47069-1 to 1	1	2008/12
47049-1 to 1	1	2008/12

33-SRECs transferred back to Duquesne Power's CEPS Account

<u>Certificate Serial Number</u>	<u>Quantity</u>	<u>Month of Generation</u>
48259-1 to 33	33	2009/01

I would like to transfer the remaining 304 SRECs into Duquesne Power's (DP) Reserve Account for compliance.

The Duquesne Power Reserve Account contains 60 SRECs, 159,998 Tier I and 421,458 Tier II RECs.

I would like to allocate the 412,458 Tier II RECs as follows:

The following 242,086 - Tier II RECs

Remain in the DP Reserve Account for Compliance

<u>Certificate Serial Number</u>	<u>Quantity</u>	<u>Month of Generation</u>
15620-1 to 183565	183,565	2006/06
16863-19533 to 78053	58,521	2006/07

The following 94,971 - Tier II RECs

Transfer to DLE Reserve Account for Compliance

<u>Certificate Serial Number</u>	<u>Quantity</u>	<u>Month of Generation</u>
15620-1 to 183566 to 221947	38,382	2006/06
27585-6101 to 62689	56,589	2007/06

**33-SRECs transferred back to Duquesne Power's CEPS Account**

<u>Certificate Serial Number</u>	<u>Quantity</u>	<u>Month of Generation</u>
48259-1 to 33	33	2009/01

I would like to transfer the remaining 304 SRECs into Duquesne Power's (DP) Reserve Account for compliance.

The Duquesne Power Reserve Account contains 60 SRECs, 159,998 Tier I and 421,458 Tier II RECs.

I would like to allocate the 412,458 Tier II RECs as follows:

The following 242,086 - Tier II RECs

**Remain in the DP Reserve Account for Compliance**

<u>Certificate Serial Number</u>	<u>Quantity</u>	<u>Month of Generation</u>
15620-1 to 183565	183,565	2006/06
16863-19533 to 78053	58,521	2006/07

The following 94,971 - Tier II RECs

**Transfer to DLE Reserve Account for Compliance**

<u>Certificate Serial Number</u>	<u>Quantity</u>	<u>Month of Generation</u>
15620-1 to 183566 to 221947	38,382	2006/06
27585-6101 to 62689	56,589	2007/06

The remaining 84,401 - Tier II RECs

Transfer Back Into the DP CEPS Account

<u>Certificate Serial Number</u>	<u>Quantity</u>	<u>Month of Generation</u>
27585-62690 to 72090	9,401	2007/06
40211-61199 to 136198	75,000	2008/06

I would like to allocate the 159,998 Tier I RECs as follows:

The following 45,082 - Tier I RECs

Transfer to DLE Reserve Account for Compliance

<u>Certificate Serial Number</u>	<u>Quantity</u>	<u>Month of Generation</u>
33206-1 to 11837	11,837	2007/04
27804-1 to 1182	1,182	2007/05
33210-1 to 12460	12,460	2007/05
26909-1047 to 1483	437	2007/05
38289-733 to 797	65	2008/01
37985-1 to 10000	10,000	2008/04
27805-1 to 7	7	2007/06
34405-6503 to 12842	6,340	2007/12
36467-1 to 1464	1,464	2008/01
36468-1 to 1290	1,290	2008/01

I would like keep the remaining 114,916 Tier I RECs in the DP Reserve Account for compliance.

I would like all of the 60 Solar RECs to remain in the DP Reserve Account for compliance.

The Duquesne Light Company Reserve Account has 14 SRECs, 4,463 Tier I and 9,401 Tier II RECs for a total of 13,878 RECs reserved for Duquesne Light Company's RY-2009 Compliance. This amount meets the percent obligations for this reporting period as defined in your spreadsheet. I have attached a .pdf file titled, "DLC RY-2009 Compliance Report". This file details the DLC Reserve Account and includes the "Cost of Compliance" as you requested.

If the specified transfers can occur, you will be able to see that the Reporting Year 2009 Compliance Obligations have been met for Duquesne Power's POLR, Duquesne Light Energy's EGS and Duquesne Light Company's HPS Load requirements.

I have attached two additional .pdf files titled, "DP RY-2009 Compliance Report" and "DLE RY-2009 Compliance Report". These files detail the breakout how the DP and DLE Reserve Accounts should be and includes a "Cost of Compliance" as you requested.

I hope you are able to transfer the RECs as I indicated. I apologize for the lengthy email. I formatted this email to describe each transfer in detail. Since email systems vary, I recognize that the formatting of this email may not come across as I have intended. If you find it difficult to read or would prefer excel spread sheets, please let me know and I will send them.

In the meantime, please call or email me if you have any questions or concerns or if you require additional information.

Regards, Joan



**From:** Jenkins, Joan M.  
**Sent:** Friday, October 09, 2009 4:14 PM  
**To:** 'Deana, Dina'  
**Cc:** maa@pjm.com; WAYWILLIAM@state.pa.us; Page, Gary S.; Jack, Gary; Pekny, Anthony F.  
**Subject:** Duquesne 2009 RPS Compliance

Dina and Alex,

I have completed the reallocation of RECs into the Duquesne Power, Duquesne Light Energy and Duquesne Light Company Reserve Accounts. I was not able to enter pricing for the Tier I and Tier II RECS that stayed in the Reserve Accounts and remained unchanged in the original compliance report filings. As such I have attached a workbook with four (4) separate worksheet tabs as follows:

"Reporting Year 2009 Summary" – This worksheet summarizes the pricing for all of the affiliates based on the 2008 template.

"Duquesne Power" – This worksheet details the pricing for each REC reserved for DP's POLR Load compliance obligation.

"Duquesne Light Energy" – This worksheet details the pricing for each REC reserved for DLE's EGS Load compliance obligation.

"Duquesne Light Company" – This worksheet details the pricing for each REC reserved for DLC's HPS Load compliance obligation.

Please call or email me if you have any questions or concerns or if you require additional information.

Regards, Joan

Joan Jenkins

Energy Facility Analyst

Duquesne Power LLC

411 Seventh Avenue

Pittsburgh, PA 15219

(412) 393-1063 Phone

(412) 393-5659 Fax

[jjenkins@dqe.com](mailto:jjenkins@dqe.com)

"Run Long, Run Often, but never out run your joy of running"

