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Michael W. Hassell

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File #: 2507/151904

December 1, 2015

***VIA ELECTRONIC FILING***

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

**Re: Petition of PPL Electric Utilities Corporation for Approval of a Default Service Program and Procurement Plan for the Period June 1, 2015 through May 31, 2017  
Docket No. P-2014-2417907**

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Dear Secretary Chiavetta:

Enclosed please find the Petition of PPL Electric Utilities corporation for Expedited Approval to Amend the Default Service Program and Procurement Plan for Tier II Alternative Energy Credits in the above-referenced proceeding. As indicated on the attached certificate of service, copies of this filing have been served on all parties of record.

Respectfully submitted,

Michael W. Hassell

MWH/skr  
Attachment

cc: Certificate of Service  
Joseph Sherrick, TUS

## CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

### VIA E-MAIL AND FIRST CLASS MAIL

Aron J. Beatty, Esquire  
Amy E. Hirakis, Esquire  
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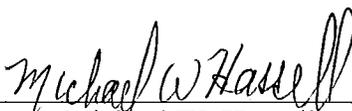
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*Counsel for Retail Energy Supply  
Association and Direct Energy  
Services, LLC*

Date: December 1, 2015

  
\_\_\_\_\_  
Michael W. Hassell

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Petition of PPL Electric Utilities Corporation :  
for Approval of a Default Service Program and : Docket No. P-2014-2417907  
Procurement Plan for the Period June 1, 2015 :  
through May 31, 2017 :

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**PETITION OF PPL ELECTRIC UTILITIES CORPORATION  
FOR EXPEDITED APPROVAL TO AMEND  
THE DEFAULT SERVICE PROGRAM AND PROCUREMENT PLAN  
FOR TIER II ALTERNATIVE ENERGY CREDITS**

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TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

Pursuant to 66 Pa.C.S. § 703(g), PPL Electric Utilities Corporation (“PPL Electric” or the “Company”) hereby Petitions the Pennsylvania Public Utility Commission (“Commission”) for expedited approval to amend its third Default Service Program and Procurement Plan (“DSP III Program”) to modify certain terms and conditions under which PPL Electric will acquire Long Term Tier II Alternative Energy Credits (“AECs”). The Commission-approved DSP III Program provides for PPL Electric to solicit competitive bids to procure Long Term Tier II AECs for the period of June 1, 2015 through May 31, 2021, pursuant to the terms and conditions of a Long Term AEC Request for Proposals (“RFP”) Process and Rules and a Long Term AEC Supplier Master Agreement (“SMA”). As explained below, the Commission rejected the Long Term Tier II AEC bid results from PPL Electric’s April 2015 and October 2015 Solicitations as non-competitive, and directed PPL Electric to submit a revised plan to procure the Long Term Tier II AECs. Pursuant thereto, PPL Electric herein proposes a two-part procurement process. First, for credits needed to meet PPL Electric’s Tier II AEC requirements for the June 1, 2015 through May 30, 2016 period, PPL Electric proposes to procure credits from a broker, through a

solicitation process. Second, to procure Long Term Tier II AECs for the period of June 1, 2016 through May 31, 2021, PPL Electric proposes to amend certain, limited provisions of its Long Term AEC RFP and Long Term AEC SMA to further encourage suppliers to submit competitive bids in response to the Long Term Tier II AECs solicitation. The proposed amendments also provide for a contingency plan in the event the amended procurement plan still does not result in a competitive solicitation. In support of this Petition, PPL Electric states as follows:

**I. INTRODUCTION AND BACKGROUND**

1. This Petition is filed by PPL Electric, a public utility subject to the regulatory jurisdiction of the Commission.

2. The Company's address is PPL Electric Utilities Corporation, Two North Ninth Street, Allentown, Pennsylvania 18101.

3. PPL Electric's attorneys are:

Paul E. Russell (Pa. Bar I.D. 21643)  
Associate General Counsel  
PPL Services Corporation  
Two North Ninth Street  
Allentown, PA 18101  
Phone: 610-774-4254  
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David B. MacGregor (Pa. Bar I.D. 28804)  
Michael W. Hassell (Pa. Bar I.D. 34851)  
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4. PPL Electric furnishes electric distribution, transmission and default supply services to approximately 1.4 million customers throughout its certificated service territory, which includes all or portions of twenty-nine counties and encompasses approximately 10,000 square miles in eastern and central Pennsylvania.

5. PPL Electric is a “public utility,” an “electric distribution company” (“EDC”) and a “default service provider” as defined in Sections 102 and 2803 of the Pennsylvania Public Utility Code, 66 Pa.C.S. §§ 102, 2803.

6. Section 2807(e) of the Public Utility Code requires, among other things, that a default service provider follow a Commission-approved competitive procurement plan that includes auctions, requests for proposal and/or bilateral agreements as well as a prudent mix of spot market purchases, short-term contracts and long-term purchase contracts designed to ensure adequate and reliable service at the least cost to customers over time. 66 Pa.C.S. § 2807(e).

7. The Alternative Energy Portfolio Standards Act (“AEPS Act”)<sup>1</sup> and the Commission’s implementing regulations<sup>2</sup> further require EDCs to obtain AECs in an amount equal to certain percentages of electric energy sold to retail customers in this Commonwealth. *See* 52 Pa. § Code 54.182.

8. Consistent with its obligations as a default service provider, on April 18, 2014, PPL Electric filed a Petition requesting Commission approval of its DSP III Program.

9. On September 12, 2014, the active parties submitted a Joint Petition for Approval of Partial Settlement. The Partial Settlement resolved all of the issues and concerns among the Parties except for two issues that were reserved for litigation.<sup>3</sup>

10. Pertinent to this Petition, Paragraph 29 of the Partial Settlement provided as follows:

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<sup>1</sup> Act of November 30, 2004, P.L. 1672, *as amended*, 73 P.S. §§ 1648.1-1648.8.

<sup>2</sup> *See* 52 Pa. Code §§ 75.11, *et seq.*

<sup>3</sup> The two issues reserved for litigation were (i) PPL Electric’s proposal to change the Commercial & Industrial demand split from 500 kW to 100 kW and (ii) the issue of the cost responsibility for Non-market-based Transmission Service Charges. These issues are not pertinent to this Petition or the procurement of Long Term Tier II AECs.

29. PPL Electric will procure Tier I (non-solar) and Tier II AECs through new individual long-term contracts in an amount necessary to cover the AEPS requirements associated with the pre-existing Long-Term Product contract for 50 MW committed through May 31, 2021. PPL Electric agrees that these new long-term contracts will be solicited in the first auction under the DSP III Program.

11. On October 30, 2014, the Commission issued the Recommended Decision of Administrative Law Judge Susan D. Colwell, which recommended, *inter alia*, approval of PPL Electric's DSP III Program as modified by the Partial Settlement and addressed the two issues reserved for litigation.

12. On January 15, 2015, the Commission entered an Opinion and Order that approved PPL Electric's DSP III Program as modified by the Partial Settlement and resolved the two issues reserved for litigation.

13. On January 30, 2015, PPL Electric submitted its compliance filing to implement the Commission-approved DSP III Program, which included the Long Term AEC RFP and Long Term AEC SMA.

14. In accordance with the terms and conditions of the Commission-approved DSP III Program, PPL Electric undertook an RFP process in April 2015 to solicit competitive bids to supply 211,608 Long Term Tier II AECs for a six year delivery period from June 1, 2015 through May 31, 2021. In accordance with the Long Term AEC RFP, the bid results of the April 2015 Solicitation were presented to the Commission for approval.

15. By Secretarial Letter dated April 13, 2015, the Commission rejected the bid results for the Long Term Tier II AECs as non-competitive due to the low number of bidders. The Commission directed PPL Electric to re-solicit bids for these Tier II AECs in a future auction. A true and correct copy of the April 13, 2015 Secretarial Letter is attached hereto as "Appendix A."

16. In its next auction in October 2015, PPL Electric undertook another RFP process to solicit competitive bids to supply the 211,608 Long Term Tier II AECs for a six year delivery period from June 1, 2015 through May 31, 2021. The bid results of the October 2015 Solicitation were presented to the Commission for approval in accordance with the Long Term AEC RFP.

17. By Secretarial Letter dated October 13, 2015, the Commission again rejected the bid results for the Long Term Tier II AECs as non-competitive due to the fact that the bids were significantly above current market prices for Tier II AECs. The Commission directed PPL Electric to submit a revised plan to procure the Long Term Tier II AECs. A true and correct copy of the October 13, 2015 Secretarial Letter is attached hereto as “Appendix B.”

18. Pursuant to the October 13, 2015 Secretarial Letter, PPL Electric herein proposes to amend certain, limited provisions of its Long Term AEC RFP and Long Term AEC SMA. As explained below, PPL Electric proposes to modify certain bidder eligibility requirements for Tier II AEC suppliers to further encourage suppliers to submit competitive bids in response to the Long Term Tier II AECs solicitation.

## **II. PROPOSED AMENDMENTS**

19. As explained above, PPL Electric has sought to procure Long Term Tier II AECs through two separate auctions, and the results of both auctions have been rejected by the Commission as not competitive. The Commission has therefore directed PPL Electric to submit a revised plan to procure the Long Term Tier II AECs. PPL Electric herein proposes a two-part process to procure the needed Tier II AECs.

20. The first part of the two-part process involves the procurement of credits needed to meet PPL Electric’s Tier II AEC requirements for the period of June 1, 2015 through May 31,

2016. To meet the requirements for this procurement period, PPL Electric propose to procure the Tier II AECs needed from the retail market using AEC brokers. The Company would solicit at least three brokers, and the broker with the lowest price would be selected, subject to Commission approval. The Long Term AEC RFP and the Long Term AEC SMA have been revised to exclude AECs required for the period June 1, 2015 through May 31, 2016 from the long term procurement process.

21. PPL Electric proposes to procure Tier II AECs using AEC brokers for the current June 1, 2015 through May 31, 2016 period due to concerns that including this period in the Long Term procurement process would discourage bidder participation in that process. More specifically, PPL Electric is concerned that potential bidders in the Long Term procurement process may not hold Tier II AECs that would be valid and available for the 2015-2016 period and, therefore, may be unable to participate in a bidding process that requires credits to be provided for the June 1, 2015 through May 31, 2016 procurement period.<sup>4</sup>

22. The second part of the two-part procurement process is to procure Tier II AECs for the remaining five annual periods from June 1, 2016 through May 31, 2021. PPL Electric proposes to amend certain, limited provisions of its Long Term AEC RFP and Long Term AEC SMA to further encourage Tier II AEC suppliers to submit competitive bids in response to the Long Term Tier II AECs solicitation.

23. Specifically, PPL Electric proposes to amend the Long Term AEC RFP to relieve Tier II AEC bidders from the following requirements: credit application and financial information; bid assurance collateral and alternative letter of credit; alternative forms of

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<sup>4</sup> Under the Long Term AEC procurement process, winning bidders provide credits to PPL Electric on a quarterly basis. However, because the first procurement period ends May 31, 2016, and because the next solicitation will not occur until April 2016, all of the Tier II AECs required for the year ending May 31, 2016 would need to be provided at one time.

performance assurance; and bid assurance collateral. As explained above, the Long Term AEC RFP also will be amended to remove the June 1, 2015 through May 31, 2016 Annual Period from the procurement, reducing the total quantity of Tier II AECs being procured and reducing the term of the contract to five (5) years. These proposed amendments are reflected in the *pro forma* Addendum to the Long Term AEC RFP attached hereto as “Appendix C.”

24. PPL Electric also proposes to amend the Long Term AEC SMA to reflect that Tier II AEC bidders will be relieved of the following requirements: to provide and maintain performance assurance or letters of credit; unconditional guaranty; the creditworthiness requirements; credit limit and credit exposure; and credit rating determination. These proposed amendments are reflected in the *pro forma* Addendum to the Long Term AEC SMA attached hereto as “Appendix D.”

25. Finally, PPL Electric proposes a new contingency proposal in the event the amended procurement plan, to be undertaken in April 2016, fails to procure all needed Tier II AECs or the Commission rejects the results of the procurement. Under the contingency plan, PPL Electric will procure the Tier II AECs needed on an annual basis from the retail market using AEC brokers. The Company would solicit at least three brokers, and the broker with the lowest price would be selected, subject to Commission approval. This contingency proposal is needed in order to avoid a situation in which PPL Electric would be short the required Tier II AECs. The proposed contingency plan is reflected in the *pro forma* Addendum to the Long Term AEC RFP attached hereto as “Appendix C.”

26. The above-described amendments will apply only to Tier II AEC bidders in the upcoming April 2016 Solicitation to supply Long Term Tier II AECs for the period of June 1, 2016 through May 31, 2021. PPL Electric submits that limiting these proposed amendments

solely to the bidders to supply the Long Term Tier II AECs is reasonable and appropriate given the small number of and market value of Tier II AECs to be procured, as well as the small number of participants in the prior Tier II AEC auctions. The current market value of the Tier II AECs to be procured is approximately \$0.10-\$0.20 per credit.

27. The proposed amendments reflected in Appendices C and D are the only changes proposed by this Petition. PPL Electric is not proposing any other amendments or changes to any other provisions of the DSP III Program approved by the Commission.<sup>5</sup>

### **III. PUBLIC INTEREST**

28. PPL Electric believes that the proposed amendments to the Long Term AEC RFP and Long Term AEC SMA described in this Petition are in the public interest.

29. As explained above, PPL Electric has undertaken two attempted procurements for Long Term Tier II AECs, and the results for both procurements have been rejected by the Commission as not competitive. PPL Electric submits that because the current market price for Tier II AECs is very low, and the number of Tier II AECs being procured through the RFP process is relatively small, the procurement costs and credit requirements may be dissuading participation in the RFP process.

30. The proposed amendments to the Long Term AEC RFP and Long Term AEC SMA, if approved, will reduce procurement costs and credit requirements for the Long Term Tier II AEC product. These proposed changes will reduce the requirements to qualify as an

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<sup>5</sup> PPL Electric anticipates filing its next Default Service Procurement Plan (DSP IV Program) in the First Quarter of 2016. To the extent that interested parties propose future changes to any other aspect of the Company's DSP Program, these proposals should be raised and addressed in the upcoming DSP IV Program filing

eligible bidder for this product, as well as reduce the overall costs for bidders to procure the Long Term Tier II AEC product.

31. PPL Electric believes that the proposed amendments should both encourage suppliers of Tier II AECs to submit bids in response to the upcoming April 2016 Solicitation, as well as reduce the overall bid prices for the Long Term Tier II AECs. PPL Electric also believes it is necessary to exclude Tier II AECs for the period June 1, 2015 through May 31, 2016 from the long-term solicitation process to encourage bidder participation in the solicitation.

32. PPL Electric recognizes that the proposed amendments eliminate security in the event of default. However, because the current market value of the Tier II AECs needed is less than \$20,000 for the entire five-year procurement period, the Company believes the risk is small. PPL Electric notes that no supplier has as yet defaulted under its Default Service Procurement Plans.

33. For these reasons, PPL Electric submits that the proposed amendments set forth in Appendices C and D are in the public interest and should be approved.

#### **IV. EXPEDITED CONSIDERATION**

34. PPL Electric requests that the Commission consider this Petition on an expedited basis.

35. PPL Electric's next solicitation under the DSP III Program is scheduled for April 2016. Therefore, PPL Electric respectfully requests that the Commission approve the limited amendments to the DSP III Program, as further described in this Petition, no later than January 31, 2016, to provide sufficient time to implement the amended plan to procure the Long Term Tier II AECs before the next solicitation.

36. In an effort to further support the expedited treatment of this Petition, PPL Electric also respectfully requests that the Commission direct that any answers/comments to this Petition be filed within fourteen (14) days from the date of filing, or by December 15, 2015.

37. PPL Electric notes that the procurement of the Long Term Tier II AECs was approved by the Commission's Opinion and Order in the DSP III Program proceeding. In this Petition, PPL Electric is requesting very minor modifications to the credit requirements to qualify as an eligible bidder for this product. All other provisions of the DSP III Program, including those applicable to the procurement of the Long Term Tier II AECs, will remain unchanged.

38. For these reasons, PPL Electric submits that expedited treatment of this Petition is appropriate, reasonable, and in the public interest.

## V. NOTICE

39. PPL Electric will serve copies of the filing on the Pennsylvania Office of Consumer Advocate, Pennsylvania Office of Small Business Advocate, and the Commission's Bureau of Investigation and Enforcement.

40. Pursuant to the October 13, 2015 Secretarial Letter, a copy of this Petition also will be served on all parties to the proceedings at the above-referenced Docket.

**VI. CONCLUSION**

WHEREFORE, PPL Electric Utilities Corporation respectfully requests that the Pennsylvania Public Utility Commission (1) approve the amendments to the Long Term AEC RFP and Long Term AEC SMA proposed in the *pro forma* Addenda attached hereto as Appendices C and D, (2) authorize procurement of Tier II AECs for the period June 1, 2015 through May 31, 2016 from a broker, as described herein, and (3) enter its final order approving the *pro forma* Addenda attached hereto as Appendices C and D no later than January 31, 2016, to provide sufficient time to implement the amended plan to procure the Long Term Tier II AECs before the next solicitation.

Respectfully submitted,



Paul E. Russell (Pa. Bar I.D. 21643)  
Associate General Counsel  
PPL Services Corporation  
Two North Ninth Street  
Allentown, PA 18101  
Phone: 610-774-4254  
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Of Counsel

Post & Schell, P.C.

Dated: December 1, 2015

David B. MacGregor (Pa. Bar I.D. 28804)  
Michael W. Hassell (Pa. Bar I.D. 34851)  
Christopher T. Wright (Pa. Bar I.D. 203412)  
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E-mail: cwright@postschell.com

Attorneys for PPL Electric Utilities Corporation

**VERIFICATION**

I, James M. Rouland, being the Supervisor of Energy Procurement at PPL Electric Utilities Corporation, hereby state that the facts above set forth are true and correct to the best of my knowledge, information and belief and that I expect PPL Electric Utilities Corporation to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 relating to unsworn falsification to authorities.

Date: 11/30/2015

  
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# Appendix A



COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA PUBLIC UTILITY COMMISSION  
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE  
REFER TO OUR FILE

April 13, 2015

Docket No. P-2014-2417907

PAUL E RUSSELL  
PPL SERVICES CORPORATION  
TWO NORTH NINTH ST  
ALLENTOWN PA 18101

Re: PPL Electric Utilities Corporation – Results of Request for Proposals  
Process for Long Term Alternative Energy Credits April 2015 RFP

Dear Mr. Russell:

On April 8, 2015, PPL Electric Utilities Corp. (PPL) filed the results of its Request for Proposals (RFP) process and rules (April 2015 Solicitation), to obtain Long Term Alternative Energy Credits (AEC) for Compliance with Pennsylvania's Alternative Energy Portfolio Standards Act. This filing is submitted in accordance with the RFP Process and Rules filed by PPL Electric on January 30, 2015.

The April 2015 Solicitation sought procurement of 158,844 Tier I AECs and 211,608 Tier II AECs for a six year delivery period beginning June 1, 2015, through May 31, 2021. PPL requests that the Commission approve the bid results from the April 2015 Solicitation on or before April 13, 2015.

Further investigation does not appear to be warranted at this time, since the bid results from the April 2015 Solicitation appear to have been conducted in accordance with the RFP Process and Rules, and filed pursuant to the Commission's Opinion and Order. Therefore, we certify the Tier I bid results. However, while the Tier II solicitation appears to have been conducted in accordance with the approved RFP process, response to the Tier II AEC portion of the April 2015 Solicitation appears to be non-competitive.

Therefore, we recommend that PPL reject the bid results submitted for the Tier II AECs of the April 2015 Solicitation and solicit bids for these Tier II requirements in a future auction in accordance with its approved Default Service Plan and RFP Process and Rules.

In addition, we direct PPL to disclose the results of the April 2015 Solicitation in accordance with the Commission's Secretarial Letter in Re: Disclosure of Default Service Solicitation Results and Creation of a Default Service Rate Calculation Model, issued October 12, 2010, at Docket No. M-2009-2082042.

Please direct any questions to Joseph Sherrick, Supervisor of Policy and Planning, Bureau of Technical Utility Services, at (717) 787-5369.

Sincerely,

A handwritten signature in cursive script, reading "Rosemary Chiavetta". The signature is written in black ink and is positioned above the printed name and title.

Rosemary Chiavetta  
Secretary

cc: Parties of Record

## Appendix B



COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA PUBLIC UTILITY COMMISSION  
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE  
REFER TO OUR FILE

Docket No. P-2014-2417907

October 13, 2015

PAUL E RUSSELL  
PPL SERVICES CORPORATION  
TWO NORTH NINTH ST  
ALLENTOWN PA 18101

Re: PPL Electric Utilities Corporation – Results of Request for Proposals  
Process for Long Term Alternative Energy Credits October 13, 2015 RFP

Dear Mr. Russell:

On October 7, 2015, PPL Electric Utilities Corp. (PPL) filed the results of its Request for Proposals (RFP) process and rules (October 2015 Solicitation), to obtain Long Term Alternative Energy Credits (AEC) for Compliance with Pennsylvania's Alternative Energy Portfolio Standards Act. This filing is submitted in accordance with the RFP Process and Rules filed by PPL Electric on January 30, 2015.

The October 2015 Solicitation sought procurement of 211,608 Tier II AECs for a 5.5 year delivery period beginning December 1, 2015, through May 31, 2021. PPL requests that the Commission approve the bid results from the October 2015 Solicitation on or before October 13, 2015.

Upon investigation of the submitted October 2015 procurement it appears at this time that the bid results do not comply with the approved RFP Process and Rules as the results appear to be non-competitive. The procurement appears to be noncompetitive due to the fact that the bids are significantly above current market prices for Tier II AECs.

Therefore, we recommend that PPL reject the bid results submitted for the October 2015 Solicitation and that PPL, in accordance with 7.5.3 of their RFP Process and Rules, submit a plan to procure Tier II AECs for the time period June 1, 2015 – May 31, 2016. The plan shall propose a revised solicitation or spot market purchase process. The plan shall be submitted within 60 days from the date of this letter and served on all parties to the proceedings at the above-referenced Docket.

Please direct any questions to Joseph Sherrick, Supervisor of Policy and Planning, Bureau of Technical Utility Services, at (717) 787-5369.

Sincerely,

Rosemary Chiavetta  
Secretary

cc: Parties of Record

## Appendix C



thereafter as is reasonably practicable. For purposes of calculating the Settlement Amount, the Non-Defaulting Party shall reflect the net impact of the exercise of the option on the part of other wholesale suppliers as described in Section 2.8 (Seller Step-Up Rights) of this Agreement. The Non-Defaulting Party shall aggregate all Settlement Amounts into a single liquidated amount (the "Termination Payment") by netting out: (i) all Settlement Amounts that are due to the Defaulting Party, ~~plus, at the option of the Non-Defaulting Party, any cash or other form of security then available to the Non-Defaulting Party pursuant to Article 12 (Creditworthiness);~~ plus any or all other amounts due to the Defaulting Party under this Agreement; against (ii) all Settlement Amounts that are due to the Non-Defaulting Party plus any or all other amounts due to the Non-Defaulting Party, including but not limited to Default Damages and Costs, under this Agreement, as well as, pursuant to any transactions for Default Load under supply master agreements executed between the Parties pursuant to the PUC Orders. The Termination Payment shall be due to or due from the Non-Defaulting Party as appropriate.

- 1.3 Article 14.5(b) of the LTAEC SMA, as it applies to any Tier II AEC supplier, is re-written as follows:

Notwithstanding any other provision of this Section ~~12.5~~ 14.5, a Party may disclose to its employees, representatives and agents all documents and information furnished by the other Party in connection with this Agreement, provided that such employees, representatives and agents have been advised of the confidentiality provisions of this Section 14.5, and further provided that in no event shall a document or information be disclosed in violation of the standards of conduct requirements established by FERC.

- 1.4 Article 12 of the LTAEC SMA is no longer applicable, in its entirety, to any Tier II AEC Supplier(s) covered under this agreement.
- 1.5 Exhibits B, C, and D of the LTAEC SMA are no longer applicable, in its entirety, to any Tier II AEC Supplier(s) covered under this agreement.



## Appendix D

# PPL Electric Utilities Corporation

## Default Service Request for Proposals (RFP) Process and Rules

### LTAEC RFP Addendum (April 2016 Solicitation)

Pursuant to the Final Order at Docket No. P-2014-2417907 entered by the Pennsylvania Public Utility Commission on October 13, 2015, PPL Electric Utilities Corporation makes the following modifications to the Default Service RFP for the April 2016 solicitation for Long Term Alternative Energy Credits.

#### 1.1 Overview

1.1.8 This section is hereby amended to read as follows:

The Delivery Period comprises five (5) Annual Time Periods (as defined in the LTAEC SMA). For each Annual Time Period, the quantity of AECs required by PPL Electric to meet its obligation under the Act is known as an Annual Quantity. The Annual Quantity and Annual Time Period is as follows:

Annual Time Period	Annual Quantity (Tier II AECs)
6/1/2016 – 5/31/2017	33,992
6/1/2017 – 5/31/2018	33,992
6/1/2018 – 5/31/2019	33,992
6/1/2019 – 5/31/2020	34,088
6/1/2020 – 5/31/2021	41,456
<b>TOTAL</b>	<b>177,520</b>

1.1.9 This section is hereby amended to read as follows:

The Delivery Period comprises five (5) Annual Time Periods (as defined in the LTAEC SMA). For each Annual Time Period, the quantity of AECs required by PPL Electric to meet its obligation under the Act is known as an Annual Quantity. The Annual Quantity and Annual Time Period is as follows:

<b>Product</b>	<b>Available Tranches</b>	<b>Tranche Size</b>	<b>Share of AECs per Tranche</b>
Tier II	8	12.50%	22,190

<b>Annual Time Period</b>	<b>Annual Quantity (Tier II AECs)</b>
6/1/2016 – 5/31/2017	4,249
6/1/2017 – 5/31/2018	4,249
6/1/2018 – 5/31/2019	4,249
6/1/2019 – 5/31/2020	4,261
6/1/2020 – 5/31/2021	5,182
<b>AECs associated with 1 Tranche</b>	<b>22,190</b>

#### **4.4 Credit Application and Financial Information**

4.4.1 Applicants are not required to submit two (2) years of audited financials to Qualify as Bidder for the Tier II AEC auction. Applicants are no longer required to submit any audited financials.

#### **4.7 Bid Assurance Collateral and Alternative Letter of Credit Form**

4.7.1 Qualified Bidders for the Tier II AEC auction are not required to post Bid Assurance Collateral.

#### **7.5 Commission Approval and Review**

7.5.3 This section is hereby amended to read as follows:

At the conclusion of the solicitation, if some quantities remain unfilled or if the PUC rejects the results of the auction, PPL Electric will procure all Tier II AECs through AEC Brokers. PPL Electric will procure the Tier II AECs on an annual basis each June following the Annual Time Period (e.g. for the 6/1/2016 – 5/31/2017 Annual Period, all 33,992 Tier II AECs will be procured in June 2017). The Company will solicit no fewer than 3 Brokers, and the Broker offering the lowest price will be selected. PPL Electric will then issue a summary report to the PUC for Approval of the results. The PUC will have five (5) business days, upon receipt of the summary report, to review the results of the Broker Solicitation process and approve or reject the results through issuance of a Secretarial Letter. If the PUC rejects the results of the Broker Solicitation, PPL Electric will seek guidance and approval from the PUC to address this shortfall in the quantity of AECs.

In the event a Seller defaults under the LTAEC SMA and such LTAEC SMA is terminated on or after such time that does not allow the AEC quantities under the LTAEC SMA to be added to a subsequent solicitation, PPL Electric will offer supply assignment consistent with the Step-Up process described in the LTAEC SMA.