



December 11, 2015

KENNETH L. MICKENS, ESQUIRE LLC
LEGAL CONSULTING

E-FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
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 – Answer in Support of
the Sustainable Energy Fund**

Dear Secretary Chiavetta:

Enclosed for filing with the Commission is the Answer in Support of PPL Electric Corporation's Petition for Expedited Approval to Amend the Default Service Program and Procurement Plan for Tier II Alternative Energy Credits in the above-referenced proceeding. A Certificate of Service is attached. Please contact me if you have any questions.

Sincerely,

A handwritten signature in cursive script, reading "Kenneth L. Mickens".

Kenneth L. Mickens, Esquire
Attorney for the Sustainable
Energy Fund

KLM/bls
Certificate of Service
Enclosures

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

**ANSWER OF SUSTAINABLE ENERGY FUND IN SUPPORT OF PPL
ELECTRIC'S PETITION**

Pursuant to 52 Pa. Code § 5.61(a), the Sustainable Energy Fund (“SEF”) hereby files this Answer in Support of PPL Electric Utilities Corporation’s (“PPL Electric” or “Company”) Petition for Expedited Approval to Amend the Default Service Program and Procurement Plan for Tier II Alternative Energy Credits (“Petition”) filed with the Commission on December 1, 2015 in the above-referenced proceeding.

I. BACKGROUND

1. In the instant Petition, PPL Electric proposes 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 allows PPL Electric to solicit competitive bids to procure Long Term Tier II AECs for the period 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”). However, 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.

2. In response, PPL Electric has proposed a two-part procurement process. First, for the 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 June 1, 2016 through May 31, 2021, PPL Electric proposes to amend certain limited provisions of its Long Term AEC RFP and Long Term SMA to further encourage suppliers to submit competitive bids in response to the Long Term Tier II AECs solicitation. The proposed amendments also allow for a contingency plan in the event the amended procurement plan still does not result in a competitive solicitation.¹

II. PROPOSED AMENDMENTS

3. SEF supports PPL Electric’s Petition because the proposed amendments balance the renewable energy industry’s need for

¹ PPL Electric Petition, pp. 5-8.

long-term AEC contracts with the reasonable terms and conditions that the ratepayers need in order to obtain low cost sustainably generated energy.

Long term AEC contracts (with reasonable terms and conditions) are needed by the renewable energy industry in order to spur the growth of new capacity. This new capacity supports the public interest because it allows the utilities to meet the capacity needs of today without compromising the ability of future generations to meet their needs.

4. Since PPL Electric's first two bids have failed, PPL Electric's request to acquire AECs from retail brokers for the period June 1, 2015 through May 31, 2016,² provides PPL Electric with a reasonable opportunity to comply with the requirements of the Alternative Energy Portfolio Standards Act ("AEPS")³ and the Commissions implementing regulations⁴. In addition, PPL Electric's proposal to provide reasonable terms and conditions by amending the credit application and financial information, bid assurance collateral and alternative letter of credit and related provisions,⁵ should open the solicitation to a greater number of bidders and reduce the G & A costs associated with providing the AECs. Moreover, increasing the bidder pool and reducing overhead costs to bidders

² PPL Electric Petition, pp. 5-6.

³ Act of November 30, 2004, P.L. 1672, *as amended*, 73 P.S. §§ 1648.1-1648.8.

⁴ 52 Pa. Code §§ 75.11, *et seq.*

⁵ PPL Electric Petition, pp. 6-8.

by providing reasonable terms and conditions, should result in a lower overall cost to ratepayers for the five year period from June 1, 2016 through May 31, 2022, while providing desired long term contracts to the developers of new Tier II capacity.

5. PPL Electric's contingency proposal, although not as beneficial to the residents of Pennsylvania as the amendments discussed above, does operate as a reasonable "failsafe" mechanism should PPL Electric's efforts to obtain long-term AECs prove to be unsuccessful.

III. CONCLUSION

WHEREFORE, for the reasons discussed above, the Sustainable Energy Fund requests that the Commission approve PPL Electric's Petition for Expedited Approval to Amend the Default Service Program and Procurement Plan for Tier II Alternative Energy Credits.

Respectfully Submitted,



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December 11, 2015

AFFIDAVIT

I, John M. Costlow, certify that I am President/CEO of the Sustainable Energy Fund and that, in said capacity, I am authorized to and do make this Affidavit for it, that the facts set forth in the foregoing SEF Answer in Support of PPL Electric's Petition (Docket # P-2014-2417907) are true and correct to the best of my knowledge, information and belief. I understand that false statements made herein are made subject to the penalties of 18 Pa. C.S. § 4904, relating to unsworn falsifications to authorities.



John M. Costlow
President/CEO
Sustainable Energy Fund

Dated: December 11, 2015

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing SEF Answer in Support of PPL Electric's Petition 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)

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