

# Alternative Energy Portfolio Standards

This Act provides for the sale of electric energy generated from renewable and environmentally beneficial sources, for the acquisition of electric energy generated from renewable and environmentally beneficial sources by electric distribution and supply companies and for the powers and duties of the state public utility commission.

The Act establishes a two-tiered portfolio standard to ensure that in 15 years, a percentage of all of the energy generated in the state comes from clean and efficient sources. Tier I requires a percentage of electricity sold at retail in the state to come from traditional renewable sources such as solar photovoltaic energy, wind power, low-impact hydropower, geothermal energy, biologically derived methane gas, fuel cells, biomass energy or coal-mine methane. Part of the Tier I electricity must come from solar photovoltaic cells. Tier II requires some of the electricity to be generated from waste coal, distributed generation systems, demand-side management, large-scale hydropower, municipal solid waste, generation from pulping and wood manufacturing byproducts, and integrated combined coal gasification technology.

Submitted as:

Pennsylvania

[SB 1030](#)

Status: Enacted into law in 2004.

## Suggested State Legislation

1           Section 1. [*Short Title.*] This Act may be cited as “The Alternative Energy Portfolio  
2 Standards Act.”

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Section 2. [*Definitions.*] As used in this Act:

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A. “Alternative energy credit” means a tradable instrument that is used to establish,  
6 verify and monitor compliance with this Act. A unit of credit shall equal one megawatt hour of  
7 electricity from an alternative energy source.

8

B. “Alternative energy portfolio standards” means standards establishing that a certain  
9 amount of energy sold from alternative energy sources is included as part of the sources of  
10 electric generation by electric utilities within this state.

11

C. “Alternative energy sources” shall include the following existing and new sources for  
12 the production of electricity:

13

(1) solar photovoltaic or other solar electric energy.

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(2) solar thermal energy.

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(3) wind power.

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(4) large-scale hydropower, which shall mean the production of electric power by  
17 harnessing the hydroelectric potential of moving water impoundments, including pumped storage  
18 that does not meet the requirements of low-impact hydropower under paragraph (5).

19

(5) low-impact hydropower, consisting of any technology that produces electric  
20 power and that harnesses the hydroelectric potential of moving water impoundments, provided  
21 such incremental hydroelectric development:

22

(i) does not adversely change existing impacts to aquatic systems;

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(ii) meets the certification standards established by the Low Impact

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Hydropower Institute and American Rivers, Inc., or their successors;

25 (iii) provides an adequate water flow for protection of aquatic life and for  
26 safe and effective fish passage;

27 (iv) protects against erosion; and

28 (v) protects cultural and historic resources.

29 (6) geothermal energy, which shall mean electricity produced by extracting hot  
30 water or steam from geothermal reserves in the earth's crust and supplied to steam turbines that  
31 drive generators to produce electricity.

32 (7) biomass energy, which shall mean the generation of electricity utilizing the  
33 following:

34 (i) organic material from a plant that is grown for the purpose of being used  
35 to produce electricity or is protected by the Federal Conservation Reserve Program (CRP) and  
36 provided further that crop production on CRP lands does not prevent achievement of the water  
37 quality protection, soil erosion prevention or wildlife enhancement purposes for which the land  
38 was primarily set aside; or

39 (ii) any solid nonhazardous, cellulosic waste material that is segregated  
40 from other waste materials, such as waste pallets, crates and landscape or right-of-way tree  
41 trimmings or agricultural sources, including orchard tree crops, vineyards, grain, legumes, sugar  
42 and other crop by-products or residues.

43 (8) biologically derived methane gas, which shall include methane from the  
44 anaerobic digestion of organic materials from yard waste, such as grass clippings and leaves,  
45 food waste, animal waste and sewage sludge. The term also includes landfill methane gas.

46 (9) fuel cells, which shall mean any electrochemical device that converts chemical  
47 energy in a hydrogen-rich fuel directly into electricity, heat and water without combustion.

48 (10) waste coal, which shall include the combustion of waste coal in facilities in  
49 which the waste coal was disposed or abandoned prior to [July 31, 1982], or disposed of  
50 thereafter in a permitted coal refuse disposal site regardless of when disposed of, and used to  
51 generate electricity; or such other waste coal combustion meeting alternate eligibility  
52 requirements established by regulation. Facilities combusting waste coal shall use at a minimum  
53 a combined fluidized bed boiler and be outfitted with a limestone injection system and a fabric  
54 filter particulate removal system. Alternative energy credits shall be calculated based upon the  
55 proportion of waste coal utilized to produce electricity at the facility.

56 (11) coal mine methane, which shall mean methane gas emitting from abandoned  
57 or working coal mines.

58 (12) demand side management consisting of the management of customer  
59 consumption of electricity or the demand for electricity through the implementation of:

60 (i) energy efficiency technologies, management practices or other  
61 strategies in residential, commercial, institutional or government customers that reduce  
62 electricity consumption by those customers;

63 (ii) load management or demand response technologies, management  
64 practices or other strategies in residential, commercial, industrial, institutional and government  
65 customers that shift electric load from periods of higher demand to periods of lower demand; or

66 (iii) industrial by-product technologies consisting of the use of a by-  
67 product from an industrial process, including the reuse of energy from exhaust gases or other  
68 manufacturing by-products that are used in the direct production of electricity at the facility of a  
69 customer.

70 (13) distributed generation system, which shall mean the small-scale power  
71 generation of electricity and useful thermal energy.

72 D. "Alternative energy system" means a facility or energy system that uses a form of  
73 alternative energy source to generate electricity and delivers the electricity it generates to the

74 distribution system of an electric distribution company or to the transmission system operated by  
75 a regional transmission organization.

76 E. "Commission" means the state [public utility commission].

77 F. "Cost recovery period" means the longer of:

78 (1) the period during which competitive transition charges under [insert citation]  
79 (relating to competitive transition charge) or intangible transition charges under [insert citation]  
80 (relating to approval of transition bonds) are recovered or the period during which an electric  
81 bonds) are recovered; or

82 (2) the period during which an electric distribution company operates under a  
83 state Public Utility Commission-approved generation rate plan that has been approved prior to or  
84 within [one year of the effective date of this Act], but in no case shall the cost recovery period  
85 under this Act extend beyond [December 31, 2010].

86 G. "Customer-generator" means a nonutility owner or operator of a net metered  
87 distributed generation system with a nameplate capacity of not greater than [50 kilowatts] if  
88 installed at a residential service or not larger than [1,000 kilowatts] at other customer service  
89 locations, except for customers whose systems are above [one megawatt and up to two  
90 megawatts] who make their systems available to operate in parallel with the electric utility  
91 during grid emergencies as defined by the regional transmission organization, or where a  
92 microgrid is in place for the purpose of maintaining critical infrastructure, such as homeland  
93 security assignments, emergency services facilities, hospitals, traffic signals, wastewater  
94 treatment plants or telecommunications facilities, provided that technical rules for operating  
95 generators interconnected with facilities of an electric distribution company, electric cooperative  
96 or municipal electric system have been promulgated by the Institute of Electrical and Electronic  
97 Engineers and the state [public utility commission].

98 H. "Department" means the [department of environmental protection] of the state.

99 I. "Electric distribution company" means the term shall have the same meaning given to it  
100 in [insert citation] (relating to restructuring of electric utility industry).

101 J. "Electric generation supplier" has the same meaning given to it in [insert citation]  
102 (relating to restructuring of electric utility industry).

103 K. "Force majeure" means that upon its own initiative or upon a request of an electric  
104 distribution company or an electric generator supplier, the [state public utility commission],  
105 within [60 days], shall determine if alternative energy resources are reasonably available in the  
106 marketplace in sufficient quantities for the electric distribution companies and electric generation  
107 suppliers to meet their obligations for that reporting period under this Act. If the [commission]  
108 determines that alternative energy resources are not reasonably available in sufficient quantities  
109 in the marketplace for the electric distribution companies and electric generation suppliers to  
110 meet their obligations under this Act, then the [commission] shall modify the underlying  
111 obligation of the electric distribution company or electric generation supplier or recommend to  
112 the [general assembly] that the underlying obligation be eliminated.

113 L. "Municipal solid waste" includes energy from existing waste to energy facilities which  
114 the [Department of Environmental Protection] has determined are in compliance with current  
115 environmental standards, including, but not limited to, all applicable requirements of the Clean  
116 Air Act (69 Stat. 322,42 U.S.C. § 7401 et seq.) and associated permit restrictions, and all  
117 applicable requirements of the Act of July 7, 1980 (P.L.380, No.97), known as the Solid Waste  
118 Management Act.

119 M. "Net metering" means measuring the difference between the electricity supplied by an  
120 electric utility and the electricity generated by a customer-generator, when the renewable energy  
121 generating system is intended primarily to offset part or all of the customer-generator's  
122 requirements for electricity.

123 N. “Regional transmission organization” means an entity approved by the Federal Energy  
124 Regulatory Commission (FERC) that is created to operate and manage the electrical transmission  
125 grids of the member electric transmission utilities as required under FERC Order 2000, Docket  
126 No. RM99-2-000, FERC Chapter 31.089 (1999) or any successor organization approved by the  
127 FERC.

128 O. “Reporting period” means the [12-month period from June 1 through May 31]. A  
129 reporting year shall be numbered according to the calendar year in which it begins and ends.

130 P. “Retail electric customer” has the same meaning given to it in [insert citation] (relating  
131 to restructuring of electric utility industry).

132 Q. “Tier I alternative energy source” means energy derived from:

- 133 (1) solar photovoltaic energy;
- 134 (2) wind power;
- 135 (3) low-impact hydropower;
- 136 (4) geothermal energy;
- 137 (5) biologically derived methane gas;
- 138 (6) fuel cells;
- 139 (7) biomass energy; or
- 140 (8) coal mine methane.

141 R. “Tier II alternative energy source” means energy derived from:

- 142 (1) waste coal;
- 143 (2) distributed generation systems;
- 144 (3) demand-side management;
- 145 (4) large-scale hydropower;
- 146 (5) municipal solid waste;
- 147 (6) generation of electricity utilizing by-products of the pulping process and wood  
148 manufacturing process including bark, wood chips, sawdust and lignin in spent pulping liquors;  
149 or
- 150 (7) integrated combined coal gasification technology.

151 S. “True-up period” means the period each year from the end of the reporting year until  
152 [September 1].

### 154 Section 3. [*Alternative Energy Portfolio Standards.*]

155 A. General compliance and cost recovery.

156 (1) From the effective date of this Act through and including the [15th year] after  
157 enactment of this Act, and each year thereafter, the electric energy sold by an electric distribution  
158 company or electric generation supplier to retail electric customers in this state shall be  
159 comprised of electricity generated from alternative energy sources, and in the percentage  
160 amounts as described under subsections (B) and (C).

161 (2) Electric distribution companies and electric generation suppliers shall satisfy  
162 both requirements set forth in subsections (B) and (C); provided, however, that an electric  
163 distribution company or an electric generation supplier shall be excused from its obligations  
164 under this section to the extent that the [commission] determines that force majeure exists.

165 (3) All costs for:

166 (i) the purchase of electricity generated from alternative energy sources,  
167 including the costs of the regional transmission organization, in excess of the regional  
168 transmission organization real-time locational marginal pricing, or its successor, at the delivery  
169 point of the alternative energy source for the electrical production of the alternative energy  
170 sources; and

171 (ii) payments for alternative energy credits, in both cases that are  
172 voluntarily acquired by an electric distribution company during the cost recovery period on  
173 behalf of its customers shall be deferred as a regulatory asset by the electric distribution  
174 company and fully recovered, with a return on the unamortized balance, pursuant to an automatic  
175 energy adjustment clause under [insert citation] (relating to sliding scale of rates; adjustments) as  
176 a cost of generation supply [insert citation] (relating to duties of electric distribution companies),  
177 in the [first year after the expiration of its cost recovery period]. After the cost recovery period,  
178 any direct or indirect costs for the purchase by electric distribution of resources to comply with  
179 this section, including, but not limited to, the purchase of electricity generated from alternative  
180 energy sources, payments for alternative energy credits, cost of credits banked, payments to any  
181 third party administrators for performance under this Act and costs levied by a regional  
182 transmission organization to ensure that alternative energy sources are reliable, shall be  
183 recovered on a full and current basis pursuant to an automatic energy adjustment clause under  
184 [insert citation] as a cost of generation supply under [insert citation].

185 B. Tier I and solar photovoltaic shares.

186 (1) [Two years] after the effective date of this Act, at least [1.5%] of the electric  
187 energy sold by an electric distribution company or electric generation supplier to retail electric  
188 customers in this state shall be generated from Tier I alternative energy sources. Except as  
189 provided in this section, the minimum percentage of electric energy required to be sold to retail  
190 electric customers from alternative energy sources shall increase to [2%] [three years] after the  
191 effective date of this Act. The minimum percentage of electric energy required to be sold to retail  
192 electric customers from alternative energy sources shall increase by at least [0.5%] each year so  
193 that at least [8%] of the electric energy sold by an electric distribution company or electric  
194 generation supplier to retail electric customers in that certificated territory in the [15th year] after  
195 the effective date of this subsection is sold from Tier I alternative energy resources.

196 (2) Of the electric energy required to be sold from Tier I sources, the total  
197 percentage that must be sold from solar photovoltaic technologies is for:

- 198 (i) years 1 through 4 - 0.0013%;
- 199 (ii) years 5 through 9 - 0.0203%;
- 200 (iii) years 10 through 14 - 0.2500%; and
- 201 (iv) years 15 and thereafter - 0.5000%.

202 (3) Upon commencement of the beginning of the [6th reporting year], the  
203 [commission] shall undertake a review of the compliance by electric distribution companies and  
204 electric generation suppliers with the requirements of this Act. The review shall also include the  
205 status of alternative energy technologies within this state and the capacity to add additional  
206 alternative energy resources. The [commission] shall use the results of this review to recommend  
207 to the [legislature] additional compliance goals beyond year [15]. The [commission] shall work  
208 with the [department] in evaluating the future alternative energy resource potential.

209 C. Tier II share.

210 (1) Of the electrical energy required to be sold from alternative energy sources  
211 identified in Tier II, the percentage that must be from these technologies is for:

- 212 (i) years 1 Through 4 - 4.2%;
- 213 (ii) years 5 Through 9 - 6.2%;
- 214 (iii) years 10 Through 14 - 8.2%; and
- 215 (iv) years 15 And Thereafter - 10.0%.

216 D. Exemption during cost-recovery period.

217 (1) Compliance with subsections (A), (B) and (C) shall not be required for any  
218 electric distribution company that has not reached the end of its cost-recovery period or for  
219 electric generation supplier sales in the service territory of an electric distribution company that

220 has not reached the end of its cost-recovery period. At the conclusion of an electric distribution  
221 company's cost-recovery period, this exception shall no longer apply, and compliance shall be  
222 required at the percentages in effect at that time. Electric distribution companies and electric  
223 generation suppliers whose sales are exempted under this subsection and who voluntarily sell  
224 electricity generated from Tier I and Tier II sources during the cost-recovery period may bank  
225 credits consistent with subsection (E)(7).

226 E. Alternative energy credits.

227 (1) The [commission] shall establish an alternative energy credits program as  
228 needed to implement this Act. The provision of services pursuant to this section shall be exempt  
229 from the competitive procurement procedures of [insert citation] (relating to procurement).

230 (2) The [commission] shall approve an independent entity to serve as the  
231 [alternative energy credits program administrator]. The [administrator] shall have those powers  
232 and duties assigned by [commission] regulations. Such powers and duties shall include, but not  
233 be limited to, the following:

234 (i) create and administer an alternative energy credits certification,  
235 tracking and reporting program. This program should include, at a minimum, a process for  
236 qualifying alternative energy systems and determining the manner credits can be created,  
237 accounted for, transferred and retired.

238 (ii) submit reports to the [commission] at such times and in such manner  
239 as the [commission] shall direct.

240 (3) All qualifying alternative energy systems must include a qualifying meter to  
241 record the cumulative electric production to verify the advanced energy credit value. Qualifying  
242 meters will be approved by the [commission] as defined in paragraph (4).

243 (4) (i) An electric distribution company or electric generation supplier shall  
244 comply with the applicable requirements of this section by purchasing sufficient alternative  
245 energy credits and submitting documentation of compliance to the [program administrator].

246 (ii) For purposes of this subsection, one alternative energy credit shall  
247 represent one megawatt hour of qualified alternative electric generation, whether self-generated,  
248 purchased along with the electric commodity or separately through a tradable instrument and  
249 otherwise meeting the requirements of [commission] regulations and the [program  
250 administrator].

251 (5) The alternative energy credits program shall include provisions requiring a  
252 reporting period as defined in section 2 for all covered entities under this Act. The alternative  
253 energy credits program shall also include a true-up period as defined in section 2. The true-up  
254 period shall provide entities covered under this Act the ability to obtain the required number of  
255 alternative energy credits or to make up any shortfall of the alternative energy credits they may  
256 be required to obtain to comply with this Act. A force majeure provision shall also be provided  
257 for under the true-up period provisions.

258 (6) An electric distribution company and electric generation supplier may bank or  
259 place in reserve alternative energy credits produced in [one reporting year] for compliance in  
260 either or both of the [two subsequent reporting years], subject to the limitations set forth in this  
261 subsection and provided that the electric distribution company and electric generation supplier  
262 are in compliance for all previous reporting years. In addition, the electric distribution company  
263 and electric generation supplier shall demonstrate to the satisfaction of the [commission] that  
264 such credits:

265 (i) were in excess of the alternative energy credits needed for compliance  
266 in the year in which they were generated and that such excess credits have not previously been  
267 used for compliance under this Act;

268 (ii) were produced by the generation of electrical energy by alternative  
269 energy sources and sold to retail customers during the year in which they were generated; and  
270 (iii) have not otherwise been nor will be sold, retired, claimed or  
271 represented as part of satisfying compliance with alternative or renewable energy portfolio  
272 standards in other states.

273 (7) An electric distribution company or an electric generation supplier with sales  
274 that are exempted under subsection D may bank credits for retail sales of electricity generated  
275 from Tier I and Tier II sources made prior to the end of the cost-recovery period and after the  
276 effective date of this Act. Bankable credits shall be limited to credits associated with electricity  
277 sold from Tier I and Tier II sources during a reporting year which exceeds the volume of sales  
278 from such sources by an electric distribution company or electric generation supplier during the  
279 [12-month] period immediately preceding the effective date of this Act. All credits banked under  
280 this subsection shall be available for compliance with subsections B and C for no more than [two  
281 reporting years] following the conclusion of the cost-recovery period.

282 (8) The [commission] or its designee shall develop a registry of pertinent  
283 information regarding all available alternative energy credits, credit transactions among electric  
284 distribution companies and electric generation suppliers, the number of alternative energy credits  
285 sold or transferred and the price paid for the sale or transfer of the credits. The registry shall  
286 provide current information to electric distribution companies, electric generation suppliers and  
287 the general public on the status of alternative energy credits created, sold or transferred within  
288 this state.

289 (9) The [commission] may impose an administrative fee on an alternative energy  
290 credit transaction. The amount of this fee may not exceed the actual direct cost of processing the  
291 transaction by the alternative energy credits administrator. The [commission] is authorized to use  
292 up to [5%] of the alternative compliance fees generated under subsection F for administrative  
293 expenses directly associated with this Act.

294 (10) The [commission] shall establish regulations governing the verification and  
295 tracking of energy efficiency and demand-side management measures pursuant to this Act,  
296 which shall include benefits to all utility customer classes. When developing regulations, the  
297 [commission] must give reasonable consideration to existing and proposed regulations and rules  
298 in existence in the regional transmission organizations that manage the transmission system in  
299 any part of this state. All verified reductions shall accrue credits starting with the passage of this  
300 Act.

301 (11) The [commission] shall within [120 days] of the effective date of this Act  
302 develop a depreciation schedule for alternative energy credits created through demand-side  
303 management, energy efficiency and load management technologies and shall develop standards  
304 for tracking and verifying savings from energy efficiency, load management and demand-side  
305 management measures. The [commission] shall allow for a [60-day] public comment period and  
306 shall issue final standards within [30 days] of the close of the public comment period.

307 F. Alternative compliance payment.

308 (1) At the end of each program year, the [program administrator] shall provide a  
309 report to the [commission] and to each covered electric distribution company showing their  
310 status level of alternative energy acquisition.

311 (2) The [commission] shall conduct a review of each determination made under  
312 subsections B and C. If, after notice and hearing, the [commission] determines that an electric  
313 distribution company or electric generation supplier has failed to comply with subsections B and  
314 C, the [commission] shall impose an alternative compliance payment on that company or  
315 supplier.

316 (3) The alternative compliance payment, with the exception of the solar  
317 photovoltaic share compliance requirement set forth in subsection B2, shall be [\$45] times the  
318 number of additional alternative energy credits needed in order to comply with subsection B or  
319 C.

320 (4) The alternative compliance payment for the solar photovoltaic share shall be  
321 [200%] of the average market value of solar renewable energy credits sold during the reporting  
322 period within the service region of the regional transmission organization.

323 (5) The [commission] shall establish a process to provide for, at least [annually], a  
324 review of the alternative energy market within this state and the service territories of the regional  
325 transmission organizations that manage the transmission system in any part of this state. The  
326 [commission] will use the results of this study to identify any needed changes to the cost  
327 associated with the alternative compliance payment program. The [commission] may raise the  
328 cost defined in this Act. If the [commission] finds that the costs associated with alternative  
329 compliance payment program must be changed, the [commission] shall present these findings to  
330 the [legislature] for legislative enactment.

331 G. Transfer to sustainable development funds.

332 (1) Notwithstanding the provisions of [insert citation] (relating to disposition,  
333 appropriation and disbursement of assessments and fees) and [insert citation] (relating to  
334 disposition of fines and penalties), alternative compliance payments imposed pursuant to this Act  
335 shall be paid into the state's [sustainable energy funds], created under the [commission's]  
336 restructuring orders under [insert citation] (relating to restructuring of electric utility industry).  
337 Alternative compliance payments shall be paid into a [special fund] of the [state sustainable  
338 energy board], established by the [commission] under [insert citation], and made available to the  
339 [regional sustainable energy funds] under procedures and guidelines approved by the [state  
340 energy board].

341 (2) The alternative compliance payments shall be utilized solely for projects that  
342 will increase the amount of electric energy generated from alternative energy resources for  
343 purposes of compliance with subsections B and C.

344 H. Nonseverability. The provisions of subsection (A) are declared to be nonseverable. If  
345 any provision of subsection (A) is held invalid, the remaining provisions of this Act shall be  
346 void.

347  
348 Section 4. [*Portfolio Requirements in Other States.*] If an electric distribution supplier or  
349 electric generation company provider sells electricity in any other state and is subject to  
350 renewable energy portfolio requirements in that state, they shall list any such requirement and  
351 shall indicate how it satisfied those renewable energy portfolio requirements. To prevent double-  
352 counting, the electric distribution supplier or electric generation company shall not satisfy this  
353 state's alternative energy portfolio requirements using alternative energy used to satisfy another  
354 state's portfolio requirements. Energy derived only from alternative energy sources inside the  
355 geographical boundaries of this state or within the service territory of any regional transmission  
356 organization that manages the transmission system in any part of this state shall be eligible to  
357 meet the compliance requirements under this Act. Electric distribution companies and electric  
358 generation suppliers shall document that this energy was not used to satisfy another state's  
359 renewable energy portfolio standards.

360  
361 Section 5. [*Interconnection Standards for Customer-Generator Facilities.*] The  
362 [commission] shall develop technical and net metering interconnection rules for customer-  
363 generators intending to operate renewable onsite generators in parallel with the electric utility  
364 grid, consistent with rules defined in other states within the service region of the regional

365 transmission organization that manages the transmission system in any part of this state. The  
366 [commission] shall convene a stakeholder process to develop statewide technical and net  
367 metering rules for customer-generators. The [commission] shall develop these rules within [nine  
368 months] of the effective date of this Act.

369

370 Section 6. [*Health and Safety Standards.*] The [department] shall cooperate with the state  
371 [department of labor and industry] as necessary in developing health and safety standards, as  
372 needed, regarding facilities generating energy from alternative energy sources. The [department]  
373 shall establish appropriate and reasonable health and safety standards to ensure uniform and  
374 proper compliance with this act by owners and operators of facilities generating energy from  
375 alternative energy sources as defined in this Act.

376

377 Section 7. [*Interagency Responsibilities.*]

378 A. [Commission] responsibilities.

379 (1) The [commission] will carry out the responsibilities delineated within this  
380 Act. The [commission] also shall, in cooperation with the [department], conduct an ongoing  
381 alternative energy resources planning assessment for this state. This assessment will, at a  
382 minimum, identify current and operating alternative energy facilities, the potential to add future  
383 alternative energy generating capacity, and the conditions of the alternative energy marketplace.  
384 The assessment will identify needed methods to maintain or increase the relative competitiveness  
385 of the alternative energy market within this state.

386 B. [Department] responsibilities.

387 (1) The [department] shall ensure that all qualified alternative energy sources  
388 meet all applicable environmental standards and shall verify that an alternative energy source  
389 meets the standards set forth in section 2.

390 C. Cooperation between [commission] and [department].

391 (1) The [commission] and the [department] shall work cooperatively to monitor  
392 the performance of all aspects of this Act and will provide an annual report to the [legislature].  
393 The report shall include at a minimum:

394 (i) the status of the compliance with the provisions of this Act by electric  
395 distribution companies and electric generations suppliers;

396 (ii) current costs of alternative energy on a per kilowatt hour basis for all  
397 alternative energy technology types;

398 (iii) costs associated with the alternative energy credits program under this  
399 Act, including the number of alternative compliance payments;

400 (iv) the status of the alternative energy marketplace within this state; and

401 (v) recommendations for program improvements.

402

403 Section 8. [*Rural Electric Cooperatives.*] Each rural electric cooperative operating within  
404 this state shall offer to its retail customers a voluntary program of energy efficiency and demand-  
405 side management programs, as a means to satisfy compliance with the requirements of this Act.

406

407 Section 9. [*Severability.*] [Insert severability clause.]

408

409 Section 10. [*Repealer.*] [Insert repealer clause.]

410

411 Section 11. [*Effective Date.*] [Insert effective date.]