

H. 40 Alternative Compliance Payments (2/18/2015)

- Page 8: 8004(d) allows utilities to pay an “alternative compliance payment” in lieu of purchasing renewable energy or RECs. The alternative compliance payment acts as a price ceiling on the RESET program. The alternative compliance payments, if any, would go into the Clean Energy Development Fund. The rates are set forth in the section 8005 and they are \$.01 /kwh for tier 1 energy and \$.06/kwh for tier 2 energy.

- Page 23: 8005(a)(3)(G) creates two exit ramps from paying the alternative compliance payment in case the energy transformation tier becomes more expensive than anticipated. In any given year the Public Service Board may:
 - 8005(a)(3)(G)(i) reduce the provider’s tier 3 requirement, without penalty or alternative compliance payment, if strict compliance would significantly increase the utility’s retail rates; or
 - 8005 (a)(3)(G)(ii) allow a provider who failed to meet that year’s tier 3 requirement to avoid paying the alternative compliance payment if the utility made a good faith effort to comply and will make up the projects in future years.

- Page 23-24: 8005(a)(4) Sets the alternative compliance rates at \$.01/kwh for tier 1 and \$.06/kwh for tiers 2 and 3.

- Page 44-45. Section 12: Alternative compliance payments shall be paid into the Clean Energy Development Fund. Monies shall be used for energy transformation projects in the service area of the utility that paid the alternative compliance project