

(2) A COMPETITIVE TRANSITION CHARGE, OR OTHER APPROPRIATE MECHANISM THAT THE COMMISSION DETERMINES, MAY BE INCLUDED FOR CUSTOMERS WHO ACCESS THE TRANSMISSION OR DISTRIBUTION SYSTEM OF THE ELECTRIC COMPANY IN WHOSE DISTRIBUTION TERRITORY THE CUSTOMER IS LOCATED. THE COSTS AUTHORIZED BY THE COMMISSION TO BE RECOVERED SHALL BE ALLOCATED TO CUSTOMER CLASSES IN A MANNER THAT, AS NEARLY AS REASONABLY POSSIBLE, DOES NOT EXCEED THE COST OF PROVIDING THE SERVICE TO THOSE CLASSES OF CUSTOMERS, AVOIDING WHERE REASONABLY POSSIBLE ANY INTERCLASS OR INTRAClass CROSS SUBSIDY.

(3) (I) THE COMPETITIVE TRANSITION CHARGE MAY BE INCLUDED ON BILLS TO CUSTOMERS FOR A PERIOD DETERMINED BY THE COMMISSION.

(II) THE COMMISSION MAY ESTABLISH RECOVERY PERIODS OF DIFFERENT LENGTHS FOR EACH ELECTRIC COMPANY AND FOR DIFFERENT CATEGORIES OF TRANSITION COSTS.

(4) A COMPETITIVE TRANSITION CHARGE, OR OTHER APPROPRIATE MECHANISM DETERMINED BY THE COMMISSION, MAY NOT APPLY TO ANY ON-SITE GENERATED ELECTRICITY TO THE EXTENT OF:

(I) THE EXISTING FACILITIES' INSTALLED GENERATING CAPACITY AS OF JANUARY 1, 1999;

(II) THE GENERATING CAPACITY OF AN EXISTING FACILITY TO BE INSTALLED UNDER A LEGALLY BINDING CONTRACT:

1. EXECUTED ON OR BEFORE JANUARY 1, 1999; OR

2. EXECUTED ON OR BEFORE SEPTEMBER 29, 1999, IF THE COMMISSION, ON A CASE BY CASE REVIEW OF THE EVIDENCE, DETERMINES THAT NEGOTIATIONS IN GOOD FAITH CONCERNING THE CONTRACT WERE ONGOING AS OF JANUARY 1, 1999; OR

(III) FOR A FACILITY WITH A CAPACITY OF 500 KILOWATTS OR LESS:

1. THE FIRST 80 MEGAWATTS OF THE AGGREGATE STATEWIDE GENERATING CAPACITY OF ON-SITE GENERATING FACILITIES;

2. THE GENERATING CAPACITY OF THE FACILITY IF THE FACILITY:

A. IS INSTALLED BETWEEN JANUARY 1, 2000 AND DECEMBER 31, 2003;

B. DERIVES ELECTRICITY FROM FUEL CELLS, PHOTOVOLTAICS, WIND MACHINES, OR MICROTURBINES; AND

C. HAS AN ENERGY CONVERSION EFFICIENCY GREATER THAN 40%; OR

3. THE GENERATING CAPACITY OF THE FACILITY IF THE FACILITY: