

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE
AND THE DELAWARE ENERGY OFFICE
THE OFFICE OF MANAGEMENT AND BUDGET
AND THE CONTROLLER GENERAL

IN THE MATTER OF INTEGRATED RESOURCE)
PLANNING FOR THE PROVISION OF STANDARD)
OFFER SUPPLY SERVICE BY DELMARVA POWER &)
LIGHT COMPANY UNDER 26 DEL. C. § 1007(c)) PSC DOCKET NO. 06-241
& (d): REVIEW AND APPROVAL OF THE REQUEST)
FOR PROPOSALS FOR THE CONSTRUCTION OF)
NEW GENERATION RESOURCES UNDER 26 DEL. C.)
§ 1007(d) (OPENED JULY 25, 2006))

ORDER NO. 7287

This 18th day of September, 2007, the Delaware Public Service Commission ("the Commission"), Delaware Energy Office, the Office of Management and Budget, and the Controller General determine and Order the following:

1. By Order No. 7199 (May 22, 2007) ("the Order"), the Commission, the Delaware Energy Office, the Office of Management and Budget, and the Controller General (collectively "the State Agencies") accepted Staff's proposed energy supply portfolio and directed Delmarva Power & Light Company ("Delmarva") to negotiate in good faith with Bluewater Wind LLC ("Bluewater") for a long-term power purchase agreement ("PPA") for the provision of wind power. (See PSC Order No. 7199 (May 22, 2007) at ¶¶ 51, 55). The Order instructed Delmarva to negotiate independently with both Conectiv Energy Supply, Inc. ("CESI") and NRG Energy, Inc. ("NRG") to provide any necessary backup firm power when wind power is not available and directed that the negotiations for the backup power be conducted at the same time as the

Delmarva-Bluewater negotiations. (Id. at ¶ 56). The Order provided that the negotiations conclude within a 60-day time frame, but the State Agencies indicated their flexibility in extending this deadline, if necessary, to the extent that there was continuing progress in the PPA negotiations. (Id.)

2. On August 7, 2007, the State Agencies convened to consider Staff's proposed revised procedural schedule for the PPA negotiations. After considering three alternative proposals, the State Agencies decided by voice vote to adopt the following procedural schedule that would require finalization of a PPA by December 31, 2007:

Third Proposed Schedule

September 14, 2007	Term Sheets will be circulated by Delmarva, and made public, outlining arrangements with Bluewater and backup firm provider.
October 29, 2007	Staff report to State Agencies regarding its review of the Term Sheets.
November 12, 2007	Comments by all interested participants on Term Sheets and Staff's report to the State Agencies.
November 20, 2007	State Agencies to consider Staff's report and comments by bidders and other participants on Term Sheets.

On September 4, 2007, the State Agencies unanimously approved Order No. 7277 affirming the August 7, 2007 voice vote.

3. On August 16, 2007, Bluewater filed a Motion Requesting Clarification of Proposed Schedule For PSC Docket No. 06-241 ("the Motion"). In the Motion, Bluewater requested that the State Agencies impose a firm deadline of November 14, 2007 for submission of the finalized PPAs. In support of this request, Bluewater reasoned that the PPA negotiations should take no more than two months, a firm

deadline would facilitate prompt and productive negotiations, and a firm deadline would allow Staff and the State Agencies to conduct a cursory review of the finalized PPAs before the November 20, 2007 hearing to ensure that they do not significantly deviate from the Term Sheets filed on September 14, 2007.

4. On September 4, 2007, the State Agencies convened to consider the Motion and deliberate in open session. Delmarva was not opposed to implementation of a target deadline for submission of the completed PPAs to the State Agencies. Delmarva emphasized its firm commitment to moving forward with the PPA negotiations after submission of the Term Sheets. However, Delmarva argued that Bluewater's recommended deadline, November 14, 2007, was premature. Delmarva asserted that this deadline will not provide the bidders with sufficient time to digest the public comment on the Term Sheets, due on November 12, 2007. Delmarva further asserted that Bluewater's target deadline would require submission of the PPAs before consideration of Staff's report on the Term Sheets. Accordingly, Delmarva submitted that the State Agencies maintain the December 31, 2007 deadline set forth in Order No. 7277.¹

5. The State Agencies determined that a target deadline is crucial to facilitating prompt and productive negotiations and finalizing the PPAs before the end of the year. The State Agencies further recognized Delmarva's argument that the target deadline should occur after the State Agencies' review of the Term Sheets on

¹The Division of Public Advocate, NRG, and Staff took no specific position on the motion. However, Staff observed that the bidders should

November 20, 2007. Accordingly, the State Agencies set a deadline of Friday, November 30, 2007 for Delmarva to file draft PPAs.

Now, therefore, **IT IS ORDERED:**

1. That, for the reasons stated above, Bluewater Wind LLC's Motion Requesting Clarification of Proposed Schedule For PSC Docket No. 06-241 is hereby denied.

2. That Delmarva Power & Light Company shall file draft Purchase Power Agreements governing arrangements with Bluewater Wind LLC and the backup firm provider on or before Friday, November 30, 2007.

3. That the Commission and other State Agencies reserve the jurisdiction and authority to enter such further Orders in this matter as may be deemed necessary or proper.

continue to finalize the PPAs while Staff and the State Agencies review the Term Sheets.

BY ORDER OF THE DELAWARE PUBLIC SERVICE COMMISSION,
THE DELAWARE ENERGY OFFICE,
THE COMPTROLLER GENERAL, AND THE
DIRECTOR OF THE OFFICE OF MANAGEMENT & BUDGET

DELAWARE ENERGY OFFICE

PUBLIC SERVICE COMMISSION

/s/ Philip J. Cherry
Philip J. Cherry,
Director of Policy & Planning
Department of Natural Resources &
Environmental Control

/s/ Arnetta McRae
Chair

/s/ Joann T. Conaway
Commissioner

THE CONTROLLER GENERAL

/s/ J. Cohan

/s/ Jaymes B. Lester
Commissioner

**DIRECTOR OF THE OFFICE OF
BUDGET & MANAGEMENT**

/s/ R. Scoglietti

/s/ Dallas Winslow
Commissioner

/s/ Jeffrey J. Clark
Commissioner

ATTEST:

/s/ Karen J. Nickerson
Secretary