

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE**

IN THE MATTER OF THE PROVISION OF)
STANDARD OFFER SUPPLY TO RETAIL)
CONSUMERS IN THE SERVICE TERRITORY) PSC DOCKET NO. 04-391
OF DELMARVA POWER & LIGHT COMPANY)
AFTER MAY 1, 2006)
(OPENED OCTOBER 19, 2004))

ORDER NO. 7432

WHEREAS, on July 29, 2008, Delmarva Power & Light Company ("DP&L") filed with the Commission an application to modify the process by which it procures electricity for its standard offer service ("SOS") customers by removing the requirement that wholesale electricity suppliers provide renewable energy credits ("RECs") to DP&L;¹ and

WHEREAS, as grounds, DP&L states that it has recently executed four long-term contracts for wind energy and RECs in amounts that likely will meet its Delaware obligations under the Renewable Energy Portfolio Standards Act (26 Del. C. §§ 351-363) ("RPS") and that it therefore no longer needs to acquire RECs at this time from the wholesale suppliers to meet its Delaware RPS obligations; and

WHEREAS, in addition to meeting DP&L's Delaware RPS obligations, the four wind contracts may meet other "federal and state requirements with respect to renewable portfolio standards, green power

¹As noted by DP&L in its application, the Commission made its last significant modification to the SOS procurement process in PSC Order No. 7053 (Oct. 17, 2006). By PSC Order No. 7284 (Sept. 18, 2007), the Commission made several administrative changes to enhance efficiency, all of which were unopposed.

initiatives, distributed generation or new load control programs," as referenced in DP&L's SOS procurement rules;² and

WHEREAS, in the event that there is a delay in the completion of the wind farms, DP&L intends to acquire the necessary additional RECs through the PJM market until the wind farms can provide the full REC requirements to meet its Delaware RPS obligations and, similarly, DP&L will otherwise meet any other federal and state requirements that would have been met by the wind contracts; and

WHEREAS, pursuant to 26 Del. C. § 1007(c)(1)(a), the Commission is specifically authorized to modify DP&L's SOS procurement process;³ and

WHEREAS, the Commission, on August 19, 2008, conducted a public evidentiary hearing on DP&L's July 29, 2008 application and, based on the evidence presented and the comments submitted, determined that the modification to the SOS procurement process set forth below is reasonable and in the public interest;

Now, therefore, this 19th day of August, 2008, **IT IS ORDERED**:

1. That the Commission hereby modifies Section III(B)(3)(D) of Delmarva Power & Light Company's SOS procurement rules,⁴ so as to add the language that appears in the underlined text below, which will

²The SOS procurement rules are found in Attachment A to Exhibit A of PSC Order No. 6746 (Oct. 11, 2005).

³Section 1007(c)(1)(a) provides, in part, the following: "At least 30 percent of the resource mix of DP&L shall be purchases made through the regional wholesale market via a bid procurement or auction process held by DP&L. Such process shall be overseen by the Commission *subject to the procurement process approved in PSC Docket #04-391 as may be modified by future Commission action.*" (Emphasis added.)

⁴See footnote 2, *supra*.

PSC Docket No. 04-391, Order No. 7432 Cont'd.

/s/ Jeffrey J. Clark
Commissioner

ATTEST:

/s/ Karen J. Nickerson
Secretary