BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF DELAWARE

COMPLIANCE FILING IN THE MATTER OF THE APPLICATION OF DELMARVA POWER & LIGHT COMPANY FOR APPROVAL OF QUALIFIED FUEL CELL PROVIDER PROJECT TARIFF (FILED JUNE 27, 2014)	)))))	PSC DOCKET NO. 14-49-6

ORDER NO. 8585

AND NOW, this 23rd Day of July, 2014, the Public Service Commission (the "Commission") determines and orders the following:

WHEREAS, on July 7, 2011, the Governor of the State of Delaware signed into law certain amendments (78 Del. Laws ch. 99)(July 7, 2001)(the "Amendments") to the Renewable Energy Portfolio Standards Act, 26 *Del. C.* §§351 - 364 (the "REPSA") that added Delaware-manufactured fuel cells to the REPSA and allowed energy output from such fuel cells to be considered a resource eligible to fulfill a portion of a Commission-regulated electric company's renewable energy credit requirements under REPSA; and

WHEREAS, the Amendments were part of a comprehensive State economic development and renewable energy program in which a new form of base load generation was added in Delaware; and

WHEREAS, the Amendments created a regulatory framework whereby a Commission-regulated electric company and a Qualified

Fuel Cell Provider ("QFCP")[1] will jointly submit tariffs[2] that enable and obligate a Commission-regulated electric company, as the agent for collection and disbursement, to collect from its customers non-bypassable charges for costs incurred for incremental site preparation, filing, administrative, and other costs incurred by the QFCP, reduced by compensation for any revenues received from PJM[3] or its successors at law from the output of the Qualified Fuel Cell Provider Project ("QFCPP");[4] and

WHEREAS, in accordance with the Amendments, the Commission was directed to either approve or reject all tariff filings as proposed, without alteration or the imposition of any condition or conditions; and

WHEREAS, on August 19, 2011, Delmarva Power & Light Company ("Delmarva") filed an application in PSC Docket No. 11-362 for approval of a new electric tariff for Service Classification QFCP-RC and a new gas tariff for Service Classification LVG-QFCP-RC pursuant to the Amendments; and

WHEREAS, on October 18, 2011, the Commission issued PSC Order No. 8062, which approved Delmarva's tariff filing and

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[1] A "Qualified Fuel Cell Provider" is defined in 26 *Del. C.* §352(16).
[2] The requirements for the tariffs are set forth in a previous Commission's Order in PSC Docket 11-362, PSC Order No. 8025, and dated September 6, 2011. *See also* 26 *Del. C.* §§364(b) and (d).
[3] "PJM" means the regional transmission organization that coordinates the movement of wholesale electricity in the PJM region, or its successors at law. See 26 *Del. C.* §352(14).
[4] Under 26 *Del. C.* §352(17), a "qualified fuel cell provider project" means a fuel cell power generation project located in Delaware owned and/or operated by a qualified fuel cell provider under a tariff approved by the Commission pursuant to 26 *Del. C.* §364(d).

ordered that the Commission would enter a formal Findings and Opinion in support of PSC Order 8062 at a later date; and

WHEREAS, on December 1, 2011, the Commission issued PSC Order No. 8079, which, among other things, adopted Order No. 8062, set forth the Commission's formal Findings and Opinion approving Delmarva's application for a new electric tariff and new gas tariff, and adopted the allowance adjustments made by the Secretary of the Delaware Department of Natural Resources and Environmental Control ("DNREC") to the Renewable Energy Credit ("REC")[5] and Solar Renewable Energy Credit ("SREC");[6] and

WHEREAS, pursuant to the Commission-approved Tariff for Service Classification QFCP-RC, Delmarva will file on a monthly basis with the Commission a copy of the computation of the Service Classification QFCP-RC Charge ("QFCP-RC Charge") with current factors and reconciliation factors at least thirty days prior to applying such QFCP-RC Charge on customers' bills. *See* P.S.C. Del. No. 8 - Electric, Original Leaf No. 74d, Section F; and

WHEREAS, on June 27, 2014, Delmarva submitted its twenty-eighth monthly filing (the "Compliance Filing") to account for the varying QFCP-RC Charge for August 2014, including the typical

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[5] Under 26 *Del. C.* §352(18), a "Renewable Energy Credit" or "REC" means a tradable instrument that is equal to 1 megawatt-hour of retail electricity sales in the State that is derived from eligible energy resources and that is used to track and verify compliance with the provisions of the RPS.

[6] Under 26 *Del. C.* §352(25), a "Solar Renewable Energy Credit" or "SREC" means a tradable instrument that is equal to 1 megawatt-hour of retail electricity sales in the State that is derived from solar photovoltaic energy resources and that is used to track and verify compliance with the provisions of RPS.

charges and calculations. In addition, the reconciliation factors (true-ups) of the May billing revenues, May PJM energy revenues, and May operational costs were included in the QFCP-RC Charge; and

WHEREAS, the August 2014 QFCP-RC Charge, which is set forth on the attached **Exhibit "A"**, will be effective for bills issued between July 29, 2014, and August 25, 2014, absent a determination of manifest error by the Commission; and

WHEREAS, the Commission Staff ("Staff") reviewed the Compliance Filing, the calculations supporting the August 2014 QFCP-RC Charge, and the source documents supporting the calculation of the August 2014 QFCP-RC Charge. Staff did not note any manifest errors in the Compliance Filing or the calculations therein; and

WHEREAS, because at this time Staff did not find any manifest errors, it therefore recommends that the August 2014 QFCP-RC Charge be permitted to take effect for Delmarva customer bills issued between July 29, 2014, and August 25, 2014. This recommendation is subject, however, to two requirements. First, Delmarva shall provide to Staff, with each future Compliance Filing under the REPSA, all documents which Staff requested from Delmarva as part of the review of this and any prior Compliance Filings. This includes, but is not limited to, Delmarva's workpapers. Second, this recommendation is also subject to the requirement that Staff reserves the right to perform more detailed audits of any and all months included in the Compliance

Filing or any future tariff filings made to adjust the QFCP-RC Charge;

NOW, THEREFORE, IT IS HEREBY ORDERED BY THE AFFIRMATIVE VOTE OF NOT FEWER THAN THREE COMMISSIONERS:

1. The Commission approves the Compliance Filing made by Delmarva on June 27 2014, including the August 2014 QFCP-RC Charge which is listed on the attached **Exhibit "A"**.

2. Delmarva shall provide to Staff, with each future Compliance Filing made pursuant to REPSA, all documents that Staff requested from Delmarva as part of its review of this Compliance Filing, including, but not limited to, Delmarva's workpapers.

3. Staff hereby reserves the right to perform a more detailed audit of any months included in Delmarva's Compliance Filing made on June 27, 2014, and any and all months included in the Compliance Filing or any future tariff filings made to adjust the QFCP-RC Charge.

4. For any future claimed Tariff K payment,[7] Delmarva must provide detailed information on the outage events, including, but not limited to, all the information set forth in the outage event log previously provided by Staff to Delmarva, before any recovery of a Tariff K payment will be considered.

5. The Commission reserves the jurisdiction and authority to enter such further Orders in this matter as may be deemed

[7] See Delmarva Power & Light Company, P.S.C. Del. No. 8 - Electric, Original Leaf No. 74h - 74j, Sections K(1) to K(7), which set forth the requirements for when Delmarva must collect from its customers and disburse to the QFCP Generator disbursements when there is a Force Majeure Event or Forced Outage Event.

necessary or proper.

BY ORDER OF THE COMMISSION:

/s/ Dallas Winslow
Chair

/s/ Joann T. Conaway
Commissioner

/s/ Jaymes B. Lester
Commissioner

/s/ Jeffrey J. Clark
Commissioner

/s/ Harold B. Gray
Commissioner

ATTEST:

/s/ Alisa Carrow Bentley
Secretary

EXHIBIT "A"

August 2014 QFCP-RC Charge

EXHIBIT A

August 2014 QFCP-RC CHARGE

Service Classification	$ per kWh
Residential	$ 0.003647
Residential- Space Heating	$ 0.003647
Residential Time-of-Use "R-TOU"	$ 0.003647
Residential Time-of-Use NON-Demand "R-TOU-ND"	$ 0.003647
Small General Service - Secondary Non-Demand "SGS-ND"	$ 0.003647
Space Heating Secondary Service "SGS-ND" and "MGS-S"	$ 0.003647
Water Heating Secondary Service "SGS-ND" and "MGS-S"	$ 0.003647
Outdoor Recreational Lighting Svc - Secondary "ORL"	$ 0.003647
Medium General Service - Secondary "MGS-S"	$ 0.003647
Large General Service - Secondary "LGS-S"	$ 0.003647
General Service - Primary "GS-P"	$ 0.003548
General Service - Transmission "GS-T"	$ 0.003492
Outdoor Lighting PL	$ 0.003647
Outdoor Lighting SL	$ 0.003647