

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF)	PSC DOCKET NO. 10-198
DELMARVA POWER AND LIGHT)	
COMPANY FOR APPROVAL OF SOLAR)	
RENEWABLE ENERGY CREDIT)	
CONTRACTS AS SREC SUPPLY SOURCES)	
FOR STANDARD OFFER SERVICE)	
CUSTOMERS)	

DELAWARE SOLAR ENERGY COALITION RESPONSE TO STAFF'S REPORT ON DELMARVA POWER'S
REQUEST FOR APPROVAL OF SOLAR RENEWABLE ENERGY CREDIT CONTRACTS

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1. As representatives of the Delaware Solar Industry we are submitting comments to the New Energy Opportunities, Inc. and La Capra Associates, Inc. report to the Delaware Public Service Commission in the matter of the approval of Solar Renewable Energy Credit Contracts, PSC Docket No 10-198 (The Report). We are pleased that the Commission has pulled together this assessment of the project known as the Dover SUN Park. As entrepreneurs who are delivering clean energy jobs to the state; delivering a cleaner environment and delivering reduced dependence on non-Delaware energy sources, this report provides the opportunity to provide you our perspectives on several important issues. Our input is intended to advance the effective realization of the policy objectives contained within the Delaware Renewable Portfolio Standard.

2. Delaware Solar Energy Coalition (DSEC) supports the Dover SUN Park (DSP) because it represents the tremendous forward progress our State has made in its sustainable, clean energy policy goals and this project. With the completion of the DSP, Delaware will catapult to one of the leaders in solar energy on both a per capita and absolute basis. However, the DSP creates near term complications for the industry given its size. DSEC wishes to provide the Commission our views on the importance of managing this supply of Delaware's Solar Renewable Energy Credits (SREC). In addition to input on the prudent management of Delaware's SREC supply and demand, DSEC is pleased to be able to correct a misunderstanding by the consultant as to the RPS legislation. Specifically, there was a minor misinterpretation of Section 354 of Title 26 new section (i)¹ related to the 1% rate increase trigger.

3. In The Report, New Energy Opportunities, Inc. (NEO) states that “[e]ither the SEU’s participation in the overall transaction should be eliminated or the quantities associated with SEU’s participation should be substantially reduced.” The Report claims that the original rationale no longer holds because the revisions to the RPS “substantially diminish or eliminate the benefits of the [SEU].” DSEC disagrees and recommends that the Commission consider the following facts. First, the DSP represents a doubling of the existing solar supply in the state which represents dozens of projects and has been substantially developed over the last three years. The supply of SRECs from the Dover SUN Park including those SRECs purchased by the City of Dover and DEMEC. Finally, it is not conceivable that the authors of the recently enacted RPS legislation were not fully

¹ On July 28, 2010 Governor Markell signed into law Senate Substitute NO. 1 for Senate Bill No. 119 titled “AN ACT TO AMEND TITLE 26 OF THE DELAWARE CODE RELATING TO THE RENEWABLE ENERGY PORTFOLIO STANDARDS”

aware of the impact of the SEU's DSP role on the SREC supply and demand balance. Therefore in order to avoid choking off the Delaware solar industry's growth just as it has developed sustainable momentum and to ensure that the legislated intent of the recent revisions to the RPS is maintained, the SEU must be allowed to provide this SREC inventory balancing and management role. Through the SEU SREC management role the industry will experience continued job growth, further improve Delaware's air quality and mitigate Delaware's dependence on out-of-state energy resources.

4. DSEC also wishes to bring to the Commission's attention that The Report contains an interpretation error of the legislation that would have grave implications for the long term viability of the market if left un-corrected. NEO calculates that the 1% retail rate trigger which allows the State Energy Coordinator to "freeze the minimum cumulative solar photovoltaic requirements for regulated utilities ..." There are two problems with the analysis and conclusions. NEO is calculating the cumulative impact when the law is very clear that the 1% cap applies to the impact of compliance within a given fiscal year. The law states that "[t]he State Energy Coordinator in consultation with the Commission, may freeze the minimum cumulative solar photovoltaic requirement for regulated utilities if the Delaware Energy Office determines that the total cost of complying with this requirement during a compliance year exceeds 1% of the total retail cost of electricity for a retail electricity supplier during the same compliance year." Clearly, the authors' intent was to ensure that the 1% trigger protected the rate payers from a spike in rates on a year to year basis. Compounding this error NEO compared the cost of the SREC to the wholesale cost of electricity whereas the law is clear that the comparison is to the retail rate. Finally, it defies logic that the legislators would institute a cap that would effectively halt the growth of solar projects within four years – as calculated by NEO using their flawed approach – and at the same time increase the legislated requirement. Therefore, DSEC submits that the plain English reading of the statute and the obvious intent of the authors to increase the amount of solar in the state demonstrates that the NEO interpretation and analysis is incorrect.

We respectfully submit these comments to the report on Delmarva Power's request for approval of solar renewable energy credit contracts, PSC Docket No. 10-198.

Sincerely,

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