



RECEIVED

A PHI Company 2012 MAR 2 AM 10 15

Todd L. Goodman
Associate General Counsel

DELAWARE P.S.C.

92DC42
500 N. Wakefield Drive
Newark, DE 19702

P.O. Box 6066
Newark, DE 19714-6066

302.429.3786 – Telephone
302.429.3801 – Facsimile

todd.goodman@pepcoholdings.com

March 1, 2012

VIA EMAIL AND OVERNIGHT DELIVERY

Ms. Alisa C. Bentley, Secretary
Delaware Public Service Commission
861 Silver Lake Boulevard
Cannon Building, Suite 100
Dover, DE 19904

**RE: Compliance Filing In the Matter of the Investigation by the Delaware Public Service Commission Into Implementation of Dynamic Pricing
PSC Docket No. 09-311**

Dear Ms. Bentley:

Enclosed for filing are the original and 10 copies of Delmarva Power & Light Company's compliance filing pursuant to Order 8105, dated January 31, 2012. That Order concerned Delmarva's Dynamic Pricing Rider "DP", the Phase I Metrics, and the algorithm to be used to call events in the above referenced docket. Attached as "Appendix A" is the Dynamic Pricing Rider "DP" as required by the Order.

Pursuant to Order No. 8105, on February 7, 2012, a workshop was convened to accomplish two tasks. The first task, pursuant to paragraph 8.b. of the Settlement Agreement, dated December 8, 2011 (the "Settlement"), was to identify specific metrics to be measured and analyzed during the Phase I Assessment period, as defined in the Settlement. The second task, pursuant to paragraph 8.n.(3) of the Settlement and paragraph 39.c. of Order No 8105, was to develop an algorithm that Delmarva will use to determine when it will call critical peak events.

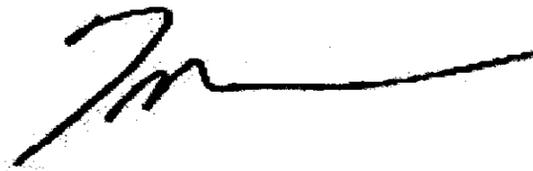
Workshop attendance consisted of representatives from the Public Service Commission Staff, the Division of Public Advocate and Delmarva. This filing also includes, as "Appendices

Ms. Alisa C. Bentley, Secretary
Delaware Public Service Commission
March 1, 2012
Page Two

B and C," respectively, the agreed upon Phase I Metrics and event calling Algorithm that resulted from the workshop.

Please contact me at (302) 429-3786 or Diana DeAngelis at (302) 454-4617 should you have any questions.

Respectfully Submitted,



Todd L. Goodman

cc: Service List in Docket No. 09-311
Janis Dillard
Pamela Knotts
John Farber
Patricia Gannon
Regina Iorii, Esquire
Michael Sheehy
Andrea Maucher
Heather G. Hall
Diana C. DeAngelis
Brian R. Green, Esquire
Michael J. Quinan, Esquire
Divesh Gupta, Esquire
Daniel Allegretti

Appendix A

TABLE OF CONTENTS (Continued)RIDERS (Continued)

		<u>Leaf Number</u>
"ANEM"	Aggregated Net Energy Metering Rider	105a
"DP"	Dynamic Pricing Rider (Peak Energy Savings Credit)	106
"NCR"	Negotiated Contract Rate	108
"ES"	Electric Supplier	110
"SOS"	Standard Offer Service	111
"HPS"	Hourly Priced Service	113
"SOSPIC/DCA"	Standard Offer Service Phase In Credit/ Deferred Cost Adjustment	115

MONTHLY CHARGES AND RATES

<u>SERVICE CLASSIFICATION</u>	SUMMER	WINTER
	Billing Months <u>June Through September</u>	Billing Months <u>October Through May</u>
<u>RESIDENTIAL "R"</u>		
<u>Delivery Service Charges:</u>		
Customer Charge	\$8.32	\$8.32
Distribution Charge		
First 500 kWh Rate	\$0.026009/kWh	\$0.026009/kWh
Excess kWh Rate	\$0.026009/kWh	\$0.026009/kWh
Environmental Fund Rate	\$0.000356/kWh	\$0.000356/kWh
Low-Income Fund Rate	\$0.000095/kWh	\$0.000095/kWh
<u>Supply Service Charges:</u>		
Transmission Rate	Refer to Rider SOS	Refer to Rider SOS
Standard Offer Service (Refer to Rider SOS):		
Supply Capacity, Energy and Ancillary		
First 500 kWh Rate	\$0.106299/kWh	\$0.105043/kWh
Excess kWh Rate	\$0.106299/kWh	\$0.105043/kWh
Procurement Cost Adjustment	Refer to Rider SOS	Refer to Rider SOS
Standard Offer Service Phase In Credit / Deferred Cost Adjustment	Refer to Rider SOS PIC/DCA	
Peak Energy Savings Credit	Refer to Rider "DP"	

Total Supply Service price is the sum of Standard Offer Service, Transmission and Procurement Cost Adjustment.

Note: The above Delivery Service charges apply when the Customer has an Electric Supplier, other than the Company, as its energy provider. The above Delivery and Standard Offer Service with Transmission Service charges apply when the Customer has the Company as its energy provider. For billing format purposes, the Delivery Service and Standard Offer Service with Transmission Service charges may be separately stated. For applicability of the SOS Phase-In Credit / Deferred Cost Adjustment, refer to Rider SOSPIC/DCA. For applicability of the Peak Energy Savings Credit, refer to the Rider DP.

MONTHLY CHARGES AND RATES

<u>SERVICE CLASSIFICATION</u>	<u>SUMMER</u> Billing Months <u>June Through September</u>	<u>WINTER</u> Billing Months <u>October Through May</u>
<u>RESIDENTIAL – SPACE HEATING “R”</u>		
<u>Delivery Service Charges:</u>		
Customer Charge	\$8.32	\$8.32
Distribution Charge		
First 500 kWh Rate	\$0.020422/kWh	\$0.020422/kWh
Excess kWh Rate	\$0.020422/kWh	\$0.020422/kWh
Environmental Fund Rate	\$0.000356/kWh	\$0.000356/kWh
Low-Income Fund Rate	\$0.000095/kWh	\$0.000095/kWh
<u>Supply Service Charges:</u>		
Transmission Rate	Refer to Rider SOS	Refer to Rider SOS
Standard Offer Service (Refer to Rider SOS):		
Supply Capacity, Energy and Ancillary		
Summer First 500 kWh Rate	\$0.106052/kWh	
Summer Excess kWh Rate	\$0.106052/kWh	
Winter First 1200 kWh Rate		\$0.101000/kWh
Winter Excess kWh Rate		\$0.074904/kWh
Procurement Cost Adjustment	Refer to Rider SOS	Refer to Rider SOS
Standard Offer Service Phase In Credit / Deferred Cost Adjustment	Refer to Rider SOS PIC/DCA	
Peak Energy Savings Credit	Refer to Rider “DP”	

Total Supply Service price is the sum of Standard Offer Service, Transmission and Procurement Cost Adjustment.

Note: The above Delivery Service charges apply when the Customer has an Electric Supplier, other than the Company, as its energy provider. The above Delivery and Standard Offer Service with Transmission Service charges apply when the Customer has the Company as its energy provider. For billing format purposes, the Delivery Service, Transmission Service and Standard Offer Service charges may be separately stated. For applicability of the SOS Phase-In Credit / Deferred Cost Adjustment, refer to Rider SOSPIC/DCA. For applicability of the Peak Energy Savings Credit, refer to the Rider DP.

DYNAMIC PRICING
RIDER "DP"
"PEAK ENERGY SAVINGS CREDIT"

A. Applicability

For the period June 1, 2012 – May 31, 2013:

This Rider is applicable to customers who:

1. Take electric service under Service Classifications R, Space Heating R;
2. Receive Standard Offer Service under Rider SOS;
3. Have Advanced Metering Infrastructure (AMI) System smart meters furnished by the Company;
and
4. Are included in the Field Acceptance Test Program.

For the period June 1, 2013 – May 31, 2014:

This Rider is applicable to customers who:

1. Take electric service under Service Classifications R, Space Heating R, R-TOU-ND;
2. Receive Standard Offer Service under Rider SOS;
3. Have Advanced Metering Infrastructure (AMI) System smart meters furnished by the Company;
and
4. Take electric service under Service Classifications SGS-ND, MGS, LGS and GSP and are included in the non residential Field Acceptance Test Program.
5. Customers currently taking service Rider HPS (Hourly Priced Service) would not be eligible to take service under Rider DP.

Effective June 1, 2014:

This Rider is applicable to customers who:

1. Take electric service under Service Classifications R, Space Heating R, R-TOU-ND, SGS-ND, MGS, LGS and GSP;
2. Receive Standard Offer Service under Rider SOS; and
3. Have Advanced Metering Infrastructure (AMI) System smart meters furnished by the Company.
4. Customers currently taking service under Rider HPS (Hourly Priced Service) would not be eligible to take service under Rider DP.

DYNAMIC PRICING
RIDER “DP” – (continued)
“PEAK ENERGY SAVINGS CREDIT”

B. Pricing Options

Rider “DP” is applicable to the SOS Supply portion of the customer’s bill. All customers served under Rider “DP” will be placed on a Critical Peak Rebate (CPR) pricing structure. A customer has the option to take service under the applicable standard SOS rates delineated in Rider SOS at any time. The customer may opt out by contacting the Company directly.

C. Billing

Critical Peak Rebate Billing - CPR

Under CPR, the SOS Generation Service portion of the customer’s bill will be modified by a credit calculated by applying the Critical Peak Rebate to the positive difference calculated when actual kWh consumption is subtracted from a Customer Base Line (CBL) level of consumption during certain high cost hours designated by the Company. All kilowatt-hour usage, including the kWh actually consumed during Critical Peak periods, will be priced at the normally applicable Rider SOS rate.

CPR CRITICAL PEAK REBATE PRICES
(Effective June 1, 2012)

Rate	Critical Peak Rebate (\$/kWh)
R	\$ 1.25
RSH	\$ 1.25
R-TOU-ND	NA
SGS	NA
MGS	NA
LGS	NA
GSP	NA

DYNAMIC PRICING
RIDER “DP” – (continued)
“PEAK ENERGY SAVINGS CREDIT”

D. Terms and Conditions

1. Meter Reading

The hourly readings of the Smart Meter will be aggregated into the Critical Peak and non-Critical Peak periods designated by the Company, to the nearest multiple of the meter constant, and bills rendered accordingly.

2. Customer Base Line (CBL)

The CBL is calculated as the average of the customer’s use during similar critical peak hours for the three days with the highest use during the prior 30-day period. Weekends, holidays, the day prior to a critical peak event, and critical peak days are not included in this calculation.

3. Critical Peak Events

Events will normally be called on weekdays during the period from May 1 through September 30. Each Critical Peak Event may occur from 12 p.m. through 8 p.m., and last a maximum of 6 hours. Critical Peak Events may be called in situations including, but not limited to, when day-ahead LMP prices are higher than normal. Critical Peak Events may also be called during periods of PJM or Company system emergencies, which may occur at any time during the year.

E. Notification

The Company will make a reasonable attempt to notify Customers of an anticipated Critical Peak Event by 8 p.m. of the day prior to an event. Customers will receive an automated phone call, email, or text message, or combination thereof, at the customer’s option, notifying them that a critical peak event will occur on the following day. Customers may also contact Delmarva Power customer service via a toll free number for pricing information or visit the Delmarva Power website at www.delmarva.com.

F. Annual Update

The Company will update the Critical Peak Rebates stated above in an annual filing on March 1 to reflect the most recently available PJM capacity and energy market prices. Adjustments resulting from customer response to the price signals and net proceeds from participating in PJM demand response programs will be reflected in the annual Procurement Cost Adjustment (PCA) update.

Appendix B

Phase I Assessment Metrics

The Company provided a list of reporting metrics for discussion. Each metric, including subparts, was described and discussed. Overall Staff and DPA were satisfied with the metrics proposed to be measured and analyzed during 2012. It was agreed by all parties that as the program commences and reporting begins to take place, the Company would provide greater or lesser detail on these metrics at the direction of Staff and DPA, as is determined to be appropriate in order to perform the Phase I Assessment required by the SA and the Final Order. At the end of the 2012 Phase-In period the Company will provide the parties with a summary of the program's activity sourced from these metric reports.

Delaware Dynamic Pricing Reporting Metrics

Metric #	Correlating SA Section	Metric	Measurement
1	8.b.1	# Monthly Eligible Customers <i>Monthly count</i>	Billing System
1.1	8.b.3, 8.b.6, 8.p.(5)	# Customer Opt-Out <i>Monthly count, effect of migration & changes in CBL on program</i>	Billing System
1.2	8.p.5	Customers w/Third Party Suppliers (# back / forth) <i>Monthly count - TPS or SOS</i>	Billing System
1.3	8.b.3	# Customer Complaints <i>Monthly count, reasons. # pushed to Energy Advisors</i>	
2	8.b.2, 8.p.(1) - 8.p.(4)	PJM Market Earnings/Penalties <i>Amount MW bid into market, analysis of auctions & effect on \$ Capacity Market</i>	PJM Market Transactions
2.1	8.p.(1), 8.p.(3), 8.p.(4)	Revenues, \$ paid to customers, deficiency payments	PJM Market Transactions
2.2	8.p.(2)	Energy Market <i>Payments if any</i>	PJM Market Transactions
3	8.b.2, 8.p.(6)	Monthly Customer Billing Credits <i>\$ and # of customers who received credits, average credit</i>	CBL vs. Actual Billing MDMS Calculation
4	8.n.1. - 8.n.4.	Dynamic Pricing Events	Specific Date and Hours/ Number/ Duration
4.1	8.n.1. - 8.n.4.	PJM Called	Specific Date and Hours/ Number/ Duration
4.2	8.n.1. - 8.n.4.	DPL Called	Specific Date and Hours/ Number/ Duration
5	8.p.6, 8.b.1.	Customer Load Reductions <i>kW reduced, actual participation levels v. expectations</i>	Average Hourly-- CBL Calc. and Econometric Modeling
5.1	8.p.6, 8.b.1.	Customer Load Reductions	Peak Hour - CBL Calc. and Econometric Modeling
6	8.b.4	# Eligible Customers Aware of Program	Market Research
6.1	8.b.4.	Customer Education Material <i>Provide copies of material</i>	

Appendix C

Algorithm

The Company provided a presentation on its proposed algorithm. The presentation described two steps the Company will take to determine when critical peak events will be called. The first step is to analyze the current year's PJM capacity revenues to determine how many events those revenues can support in bill credits for the approximately 7,000 residential FAT customers who are part of the first phase-in for 2012. For the second step the Company will look at average day ahead LMPs. A critical peak event will be triggered if that price reaches \$190 (A premium LMP of \$250 will be used in the following situations: 1) the event occurs on a Friday; 2) the event occurs on consecutive days; and 3) weather forecasts are predicted to be higher in future days.)..

Staff and DPA asked, and the Company agreed, to also include two additional factors in deciding when it shall call critical peak events. The procedure the Company described only applies to "economic" events and does not take into consideration PJM emergencies, which includes one mandatory test event per year should no emergencies occur. Staff is concerned that if the algorithm is only used to determine how many and when the Company calls economic events to match the PJM capacity revenue, a possibility exists that there won't be sufficient funds to pay credits if there are any PJM emergency events. Therefore Staff suggested that the Company use the average of the last 3 years of history of events and budget for a specific number of economic and emergency events based on that number. Additionally Staff suggested a "Fuel Gauge" approach to monitor the amount of the IA / BRA revenue left after each event. That is, plan to use the budgeted number of events discussed above, and monitor the amount of available capacity revenue and the number of events called to ensure that there is sufficient money to cover the rebates for all events, including any emergency events.

In addition to the "economic" and emergency events described above, Delmarva may call, at its discretion, one test event each critical peak season. The purpose of the test event is to validate the operational aspects of the program, to remind consumers of its existence and to provide an additional educational opportunity on what actions a consumer can take to benefit from the program. The test event may be called at or near the end of the critical peak season in order to not negatively impact the balance of PJM capacity revenues needed to pay the bill credits.

The Company will convene another workshop after the 2012 critical peak season to discuss what, if any changes need to be made to the algorithm.

Delmarva Delaware Dynamic Pricing Demand Response

Guidelines for Calling Economic Events



A PHI Company

Reasons for Calling Dynamic Pricing Events

- PJM Emergency
- PJM Required Test
- Economics – The focus of this slide deck.

Economic Events Guidelines

- The season is June through September of the current year, and May following year.
- Can occur for a maximum of 6 hours between 12:00 PM and 8:00 PM Monday through Friday on non-holiday weekdays.
- Events are initiated between 4pm-5pm the day ahead of an event day.
- No minimum number of Economic Events.

Economic Events

Key Decision Making Criteria

- Hard cap of economic events called based on PJM market revenues and estimated rebates paid out to customers. (Will not know available money for 2012 season until after the 2012 RPM 3rd Incremental Auction in March).
- Day Ahead LMPs
 - DPL Zone Average between 3pm and 7pm will be compared to below trigger prices:

Average Day Ahead Locational Market Price (3pm - 7pm)	
\$/MWh	
Base Price	Premium Price
\$190	\$250

- Premium Price used in the following situations:
 - Event occurs on a Friday
 - Event occurs for 2nd consecutive day
 - Weather

Dynamic Pricing Event Timeline

Day Ahead

Ex. August 20, 2009

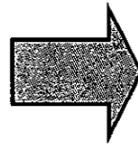
12pm
PJM Day Ahead Market Closes
4pm 5pm
PJM Day Ahead LMPs Available for next day

Midnight

Event Day

Ex. August 21, 2009

12pm
8pm
Dynamic Pricing Event
Max 6 hours between 12pm to 8pm



Window for Delmarva to Call Event is between 4pm to 5pm



A PHI Company