

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

IN THE MATTER OF INTEGRATED RESOURCE )  
PLANNING FOR THE PROVISION OF STANDARD )  
OFFER SUPPLY SERVICE BY ) PSC Docket No. 10-2  
DELMARVA POWER & LIGHT COMPANY )  
UNDER 26 *DEL. C.* § 1007 (c) and (d) )  
(OPENED JANUARY 11, 2011) )

**COMMENTS OF NRG ENERGY, INC.**

PLEASE SEE HEREIN the comments of NRG Energy, Inc., on Delmarva Power & Light Company's 2010 Integrated Resource Plan. In accordance with Public Service Commission Rule 7(b), we have included a signed, sworn verification from Michael R. Bramnick, Executive Vice President and General Counsel of NRG Energy, Inc.

MORRIS, NICHOLS, ARSHT & TUNNELL LLP

  
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May 31, 2011

NRG Energy, Inc., (“NRG”) hereby submits its comments on the Integrated Resource Plan (“IRP”) filed by Delmarva Power and Light Company (“Delmarva”) on December 1, 2010.

**NRG**

NRG is a wholesale and retail energy company that owns and operates one of the industry’s largest and most diverse non-utility generation portfolios. This portfolio includes a significant presence in Delaware, where NRG (i) operates the Indian River Generating Station and the Dover Energy Center combined heat and power plant, (ii) is developing the Mid-Atlantic Wind Park and (iii) has recently entered the retail market via NRG’s Reliant Energy subsidiary.

NRG operates nearly 26,000 megawatts of power generation worldwide. NRG’s retail businesses, Green Mountain Energy Company<sup>1</sup> and Reliant Energy<sup>2</sup>, serve a combined total of nearly 2 million residential, commercial and industrial customers. NRG Thermal LLC, is a leading developer, owner and operator of combined heat and power (“CHP”) projects.

NRG is increasing its investment in clean and sustainable energy projects and services. NRG recently launched eVgo<sup>3</sup> - the nation’s first comprehensive, privately funded electric vehicle infrastructure of home charging stations and public fast charging stations. The eVgo network was initially rolled out in Houston and NRG plans to bring it to other states as electric vehicles reach the marketplace.

NRG also is growing its solar power business<sup>4</sup>, which includes utility-scale photovoltaic and solar thermal as well as distributed solar projects. NRG has 526 MW of utility-scale solar

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<sup>1</sup>[www.greenmountainenergy.com](http://www.greenmountainenergy.com)

<sup>2</sup> [www.reliant.com](http://www.reliant.com)

<sup>3</sup>[www.evgonetwork.com](http://www.evgonetwork.com)

<sup>4</sup> [www.nrgsolarenergy.com](http://www.nrgsolarenergy.com)

projects under construction, and holds the rights to develop roughly 400 MW of additional solar projects. All near-term development projects have fully executed long-term power purchase agreements. NRG is actively looking for new opportunities to expand its solar offerings across the country.

### **NRG in Delaware**

NRG maintains a significant presence in Delaware, a state that is central to NRG's focus on developing sustainable energy projects and services, as well as investing in environmental upgrades to its existing assets.

- Indian River Generating Station Air Quality Improvement Project – This \$360 million project will significantly reduce air emissions and eliminate once-through cooling at the Dagsboro plant, while providing more than 600 construction jobs. The project is fully underway and is expected to be complete by the end of 2011.
- Dover Energy Center – This highly efficient combined heat and power plant provides steam and electricity to nearby factories and power to the Delmarva Peninsula.
- The Mid-Atlantic Wind Park – This up to 450 MW project will provide clean, stable-priced energy. With a projected investment of more than \$1 billion, the Bluewater Wind Delaware LLC's project will create hundreds of construction jobs and 50-80 permanent jobs, helping to make Delaware a leader in a new clean energy future.
- Reliant Energy Northeast – NRG retail subsidiary Reliant Energy has recently begun marketing to commercial and industrial customers in Delaware and plans to expand into the residential market later this year.

In addition to the plants and projects noted above NRG is actively pursuing new opportunities in Delaware, including:

- developing new power generation – natural gas, solar and wind.
- expanding green and traditional retail energy offerings.
- investing in electric vehicle charging.

### Comments on the Delmarva IRP

NRG supports efficient competitive wholesale and retail electricity markets and is confident that properly-structured markets can deliver the reliable and affordable energy supplies that Delaware needs, including the desired environmental characteristics.

NRG also supports the PJM Reliability Pricing Model (“RPM”) as a market that can help retain existing generation in the State of Delaware and attract additional resources as needed. NRG further supports the long-standing role of PJM in performing regional planning. Properly functioning regional markets enable end-use customers to obtain the optimum resources at the lowest achievable price, and thus produce efficient market outcomes.

NRG recognizes, however, that states have a legitimate interest in addressing reliability, resource adequacy, fuel diversity, economic development associated with energy projects and the environmental impact of their generation portfolio. Therefore NRG supports the Commission’s investigation of alternatives on how to procure energy supply for Delmarva’s Standard Offer Service (“SOS”) customers, including new renewable and conventional generation.

If as a result of this or other proceedings the Commission chooses to take more direct action regarding the procurement of a portion of the generation supplying SOS customers or all Delaware electricity consumers - NRG makes the following recommendations:

- 1) The Commission should require that any new generation procured to serve SOS customers be procured via a competitive process, utilizing a Commission-approved RFP process. A competitive process should be required regardless of the reason or reasons the new generation is being procured, *i.e.*, reliability, energy supply, achievement of the renewable portfolio standard, economic development, etc.

- 2) Any competitive process should be designed to provide an “apples-to-apples” comparison of bids. This means, in part, that there should be separate procurements for conventional generation and renewable generation.
- 3) If the Commission elects to support new build in Delaware, it should consider requiring electric distribution companies to enter into long-term contracts with successful bidders of a sufficient term to facilitate project financing, and to attract the greatest number of bids. The Commission should institute a proceeding specifically to address generation procurement as described above.
- 4) Any cost recovery for generation contracts should be achieved via a non-bypassable charge.
- 5) Because new non-renewable generation is likely to be fueled with natural gas, the issue of gas pipeline capacity, particularly in Southern Delaware, would need to be addressed through a process involving multiple state and local government and private sector stakeholders.
- 6) A competitive procurement for new generation should also provide opportunities to capture the efficiency, environmental and reliability benefits of CHP projects.

#### **Improving Delaware’s Retail Electricity Market**

In its IRP filing, Delmarva recommends the continuation of the existing SOS procurement process consisting of a series of laddered three-year wholesale electricity contracts to provide SOS to residential and small commercial customers, and one-year wholesale contracts to provide supply large commercial SOS customers.<sup>5</sup> NRG encourages the Commission to

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<sup>5</sup> See Delmarva Power IRP at 21. GS-T customers receive an hourly-priced service as their default service.

explore alternative SOS procurement approaches for all customer classes in an effort to improve the competitive retail electricity market in Delaware.

Specifically, as a first step, NRG urges moving to one-year laddered contracts for residential and small commercial customers. In addition, the Commission should consider eliminating the one-year fixed price option for all large commercial customers, and instead providing hourly priced default service as the only option.

The current three year laddered contract pricing construct has resulted in minimal competition for residential and small commercial customers in Delaware. The result is that Delaware's residential and small commercial customers do not have the opportunity to take advantage of the same kinds of electricity cost savings that have been available for the past several years in other states.

In terms of impacts to the SOS process, moving to more frequent procurements should not be problematic for wholesale competition, nor should it limit the Commission's consideration of new generation procurement financed with long-term contracts. Other states, including Maryland and Pennsylvania, conduct more frequent auctions to procure SOS load and have not experienced a drop-off in bidder participation or suffered other negative impacts. In fact, shortening the procurement cycles has led to lower risk premiums, and arguably lower SOS rates to customers

Shortening the length of SOS contracts would improve the retail electricity market in Delaware, but a truly robust competitive market will only develop when a number of other changes also are implemented. The Commission should immediately establish a new proceeding to evaluate other retail policies such as purchase of receivables ("POR"), supplier consolidated billing ("SCB"), expedited switching and additional customer education programs.

POR has been instrumental in bringing new suppliers to the states that have adopted the program because it levels the playing field for suppliers who, absent POR, must send customers a separate bill – which customers do not want – or be subject to a payment posting system whereby suppliers are given a lower priority and often are the last to get paid (or not) when utilities receive partial or late payments from customers.

Similarly, SCB allows suppliers to be in regular communication with customers making decisions about the electricity products and services they are purchasing, by enabling customers to receive a single bill from a competitive retail supplier that includes regulated utility charges. In addition, expediting the time it takes for a customer switch to be processed and a customer to be enrolled with the supplier they have chosen would more closely meet the customer's expectation about their switch. And, improving customer education on electricity choice will serve to inform customers that they have the ability to shop and teach them about the kinds of questions they should ask suppliers.

NRG looks forward to exploring these and other retail market issues in a separate proceeding.

NRG appreciates the opportunity to provide these comments as the Commission reviews Delmarva's latest IRP. We look forward to providing additional comments and recommendations on Delaware's wholesale and retail markets to bring the benefits of competition and choice to Delaware's consumers.

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**VERIFICATION**

I, Michael Bramnick, having been duly sworn according to law, verify as follows:

1. I am Executive Vice President and General Counsel of NRG Energy, Inc.
2. I have read the foregoing Comments and affirm that the information

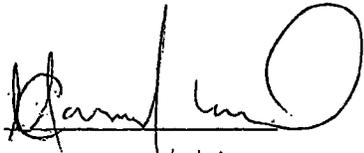
contained therein are true and correct to the best of my knowledge, information, and belief.



Michael R. Bramnick  
Executive Vice President & General Counsel of  
NRG ENERGY, INC.

Sworn to and subscribed before me  
this 31st day of May 2011.

Notary Public



My Commission expires

4/6/15

**CHRISQUA M. MANOUSSAKIS**  
**NOTARY PUBLIC OF NEW JERSEY**  
My Commission Expires 4/6/2015

**CERTIFICATE OF SERVICE**

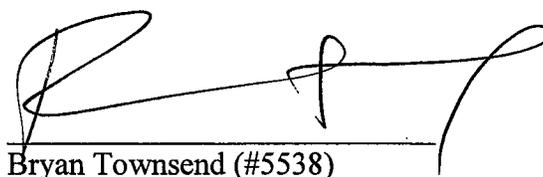
I, Bryan Townsend, do hereby certify that copies of the foregoing Comments were caused to be served on May 31, 2011 upon the attached Service List, via electronic mail, and upon the following via electronic mail and hand delivery:

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