

Docket No. 11-362

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A PHI Company

Todd Goodman
Associate General Counsel

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DELAWARE P.S.C.

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May 30, 2013

Via E-mail and Overnight Delivery

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

RE: JOINT REQUEST FOR A TARIFF CORRECTION - IN THE MATTER OF THE APPLICATION OF DELMARVA POWER AND LIGHT COMPANY FOR APPROVAL OF PSC DOCKET NO. 13-76-## QUALIFIED FUEL CELL PROVIDER PROJECT TARIFFS

Dear Ms. Bentley:

Enclosed for filing are the original and ten copies of Delmarva Power's proposed revisions to the QFCP Tariff Leaf No. 74a Section C (1) and Tariff Leaf 74f Section H (6). These non-substantive changes correct inconsistencies between the PJM operating requirements and the QFCP Tariff regarding the pricing of energy generated by the Qualified Fuel Cell Provider (QFCP) units.

The QFCP, Diamond State Generation Partners, LLC ("DSG"), and Delmarva Power agree that the non-substantive Tariff revision is necessary to make the QFCP Tariff consistent with PJM operating requirements. The written agreement between Delmarva and DSG regarding the proposed non-substantive revision is contained in the attached letter, labeled as Attachment A. The revised Tariff, in both final and red-line formats, is included as Attachment B.

The basis for the non-substantive revision, which is also explained in Attachment A hereto, is as follows. From the time that DSG's fuel cell generating units at Brookside and Red Lion began operating in 2012, they have been selling generation into the PJM real time market, as required by both the QFCP legislation and the QFCP Tariff. Effective June 1, 2013, DSG's fuel cell generation units will be treated as PJM capacity resources as the result of DSG now becoming eligible to sell capacity.¹ As a PJM "capacity resource," DSG must now sell its generation in the PJM day ahead market, as opposed to the real time market. The issue with the QFCP Tariff is that it currently provides that the "QFCP Generator will sell 100% of the output produced from the Facility in the PJM *real time market*." (see, QFCP Tariff at Section C)

¹ Note that the QFCP Tariff Section C requires DSG to actively participate in capacity auctions to maximize PJM revenues.

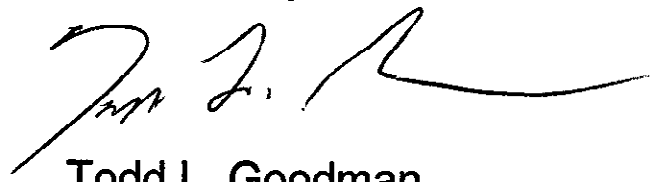
PJM day ahead market, which is how the generation output of the fuel cells must be sold as of June 2013.

DSG has asked us to make the filing necessary to accomplish the non-substantive change necessary to make the QFCP Tariff technically consistent with PJM operating requirements. I have attached the language we recommend hereto. The brief proposed additional language is shown in red underlined text on Attachment B.

The Company respectfully requests consideration of this proposed tariff change at the upcoming commission meeting on June 18, 2013.

Please contact me or Jim Jacoby at (302) 454-4893 with any questions related to this matter.

Respectfully,



Todd L. Goodman

cc: Janis Dillard, DE Public Service Commission
Pam Knotts, DE Public Service Commission
Collin O'Mara, Secretary, Delaware Department of Natural
Resources and Environmental Control
Timothy Gray, Jr., Diamond State Generation Partners, LLC
Heather G. Hall, DPL
James Jacoby, DPL

(all cc's sent via email)



A PHI Company

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May 20, 2013

Via Electronic Mail

Martin J. Collins
Vice President, Corporate Development
Bloom Energy Corporation
1252 Orleans Drive
Sunnyvale, CA 94089

Re: **Agreement Regarding Non-Substantive Change
To Delaware's Qualified Fuel Cell Provider Tariff**

Dear Marty:

As you will recall, the legislation in Delaware enabling the output from fuel cells manufactured in Delaware to be used to satisfy certain renewable energy requirements provides that the Qualified Fuel Cell Provider (QFCP) Tariff cannot be modified unless agreed upon in writing by both the QFCP and Delmarva Power. We have been informed by the QFCP, Diamond State Generation Partners, LLP (DSG), that a non-substantive change is needed to the QFCP Tariff to make the QFCP Tariff consistent with DSG's mandatory obligations under the PJM Tariff and PJM Operating Agreement.

From the time that DSG's fuel cell generating units at Brookside and Red Lion began operating in 2012, they have been selling generation into the PJM real time market. Effective June 1, 2013, DSG's fuel cell generation units will be treated as PJM capacity resources as the result of DSG now becoming eligible to sell capacity¹. As capacity resources, DSG must now participate in the PJM day ahead market. The issue with the QFCP Tariff is that it currently

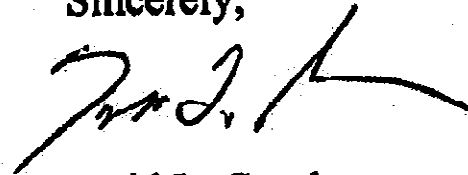
¹ Note that the Tariff Section ___ requires DSG to actively participate in capacity auctions to maximize PJM revenues.

provides that the "QFCP Generator will sell 100% of the output produced from the Facility in the PJM real time market." Technically, therefore, the QFCP tariff does not permit DSG to sell into the PJM day ahead market, which it must do as of June 2013.

DSG has asked us to file the necessary materials with the Delaware Public Service Commission to request this non-substantive change to the Delaware QFCP Tariff. I have attached the language we recommend hereto, with the brief proposed additional language shown in red underlined text on Annex A. Because the QFCP Tariff requires both the QFCP and Delmarva Power to agree to any proposed tariff changes, Delmarva asks DSG to execute this document, where indicated below, to confirm the QFCP's agreement to this proposed non-substantive QFCP Tariff modification pursuant to the express terms of Annex A. The signature by Delmarva indicates Delmarva's agreement to the proposed change.

The undersigned understand and agree that if this change is not approved by the Delaware Public Service Commission, the QFCP Tariff shall nonetheless remain in effect.

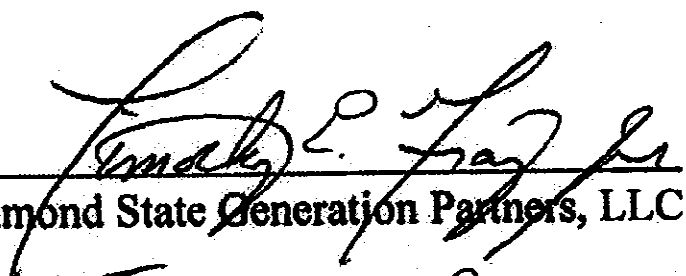
Sincerely,



Todd L. Goodman

att: Proposed QFCP Tariff Revision

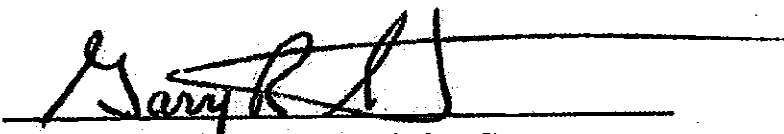
cc: Gary Stockbridge (with att)
James Jacoby (with att)


Diamond State Generation Partners, LLC.

By: Timothy E. Gray, Jr.

Its: Vice President

Dated: 5/22/13


Delmarva Power & Light Company

Gary R. Stockbridge, Regional President

Dated: 5/21/13

Attachment B

QFCP Tariff Revisions

Leaf 74a

Leaf 74f

Final & Red Line Versions

QUALIFIED FUEL CELL PROVIDER PROJECT—RENEWABLE CAPABLE POWER PRODUCTION
(Continued)

B. Commencement of Service – (Continued)

QFCP Generator shall have entered into all agreements and made all filings and other arrangements necessary for the transmission and delivery of the Energy from the Facility to the Delivery Point;

QFCP Generator shall have obtained all necessary authorizations from FERC to sell Energy at market-based rates as contemplated by this Service Classification and shall be in compliance with such authorization;

QFCP Generator shall have provided the Company with written evidence that all of the preceding conditions have been satisfied, and

PSC approval of this Service Classification shall have occurred and shall have become final and non-appealable and the Delaware Fuel Cell Amendments shall be in full force and effect.

C. Sales of Energy, Capacity, Other Available Product

(1) Energy Sales. QFCP Generator shall be solely responsible for arranging, scheduling with PJM and other Transmitting Utilities, and delivering, marketing and selling Energy from the Facility. The Company shall not purchase, for either itself or its customers, any Energy from the Facility. QFCP Generator shall be solely responsible for any and all costs and charges incurred in connection therewith, whether imposed pursuant to standards or provisions established by FERC, any other Governmental Authority or any Transmitting Utility, including transmission costs, scheduling costs, imbalance costs, congestion costs, operating reserve charges (day-ahead and balancing) and the cost of firm transmission rights, if such firm transmission rights are procured by QFCP Generator. QFCP Generator will sell 100% of the output produced from the Facility in the PJM real time market, or the PJM day ahead market if required by PJM, at the Delivery Point.

Capacity Sales. QFCP Generator or its Market Participant will actively participate in all PJM RPM Base Residual and Incremental capacity auctions (if incremental participation is necessary to maximize capacity revenue) and must bid the maximum allowable capacity under PJM RPM rules at the lowest price permitted under applicable law and regulations. In the event that PJM rules or market procedures change or that reasonable opportunities arise to realize greater capacity revenue, the QFCP Generator and the Company will exercise good faith efforts to agree to a proposed joint amendment to this Service Classification designed to increase PJM-derived capacity revenues in an effort to reduce overall costs to customers while maintaining the overall economic benefits to QFCP Generator. The Company shall not purchase, for either itself or its customers, any capacity from the Facility.

QFCP Generator shall exercise good faith efforts to maximize Market Revenues consistent with C (1)-C (2) above.

QUALIFIED FUEL CELL PROVIDER PROJECT-RENEWABLE CAPABLE POWER PRODUCTION
(Continued)

H. Billing and Disbursement (Continued)

(2) Billing. Unless otherwise agreed to by the QFCP Generator and the Company, on or before the fifteenth (15th) day of each month (or the first Business Day thereafter), QFCP Generator shall deliver to the Company, via electronic transmission or other means agreed to by the Company, an invoice ("Invoice") for the immediately preceding month that sets forth: (a) the disbursements to the QFCP Generator based on the Disbursement Rate, (b) less the proceeds from sale of any Products by the QFCP Generator (net of any negative disbursements from Energy sales) (c) plus the QFCP's Fuel Cost pursuant to gas delivery service under Company's Service Classification LVG-QFCP-FC, and (d) any other credits, charges, liabilities and reductions in disbursement, including any reduction in disbursement for gas usage above the Target Heat Rate as set forth in C. (5) above, and any adjustments and outstanding amounts due pursuant to prior Invoices. The Company shall disburse to QFCP Generator or QFCP Generator shall disburse to the Company, as the case may be, the total amount due pursuant to such Invoice no later than the final business day of the month during which such Invoice is issued (such day, the "Monthly Settlement Date").

(3) Disbursement. All disbursements shall be made by "Electronic Funds Transfer" (EFT) via "Automated Clearing House" (ACH), to a bank designated in writing by the Company or QFCP Generator to which disbursement is owed, by 11:59:59 pm EPT on the Monthly Settlement Date. Disbursement pursuant to an Invoice shall not be deemed an admission or waiver with respect to any matter related to such Invoice or the charges reflected therein.

(4) Interest. Interest on delinquent amounts (including amounts determined to be owed as a result of the resolution of a billing dispute) shall be calculated at the Interest Rate: (a) from the original due date (or, for amounts not properly invoiced, the date that would have been the due date if such amounts were properly invoiced) to the date of disbursement; or (b) in the case of reimbursement obligations, from the date an over disbursement was received until the date of reimbursement.

(5) Set-Off. Each of the Company and QFCP Generator shall have the right to set-off any undisputed amounts owed by the other against any undisputed amounts that it owes to such Party.

(6) Auditing PJM Energy and Capacity Sales. On or before the tenth (10th) Business Day following the end of each period during the Services Term, QFCP Generator shall provide Company with a monthly report documenting PJM revenues. The report shall include MWHs produced by day, daily PJM real time or day ahead price at the Delivery Point, total daily and monthly energy revenues, monthly capacity revenues, monthly ancillary services revenues by revenue type, other monthly PJM revenues, and any other information reasonably requested by the Company. The QFCP Generator shall provide to the Commission and the Company (a) a monthly report setting forth the Market Revenues received in the prior month; and (b) an annual report documenting its good faith efforts to maximize Market Revenues. The QFCP Generator shall cooperate in good faith with any inquiry or direction of the Commission or the Company with respect to possible means of increasing Market Revenues on commercially reasonable terms.

QUALIFIED FUEL CELL PROVIDER PROJECT-RENEWABLE CAPABLE POWER PRODUCTION
(Continued)

B. Commencement of Service – (Continued)

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QFCP Generator shall have obtained all necessary authorizations from FERC to sell Energy at market-based rates as contemplated by this Service Classification and shall be in compliance with such authorization;

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