

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF)
DELMARVA POWER & LIGHT COMPANY FOR)
APPROVAL OF THE 2015 PROGRAM FOR THE) PSC DOCKET NO. 14-0560
PROCUREMENT OF SOLAR RENEWABLE ENERGY)
CREDITS (FILED DECEMBER 9, 2014))

ORDER NO. 8717

AND NOW, this 3rd day of March, 2015, the Delaware Public Service Commission ("Commission") determines and orders the following:

WHEREAS, on December 9, 2014, pursuant to 26 *Del. C.* §351 *et seq.*, Delmarva Power & Light Company ("Delmarva") filed an application (the "Application") with the Commission requesting approval of its 2015 Program for the Procurement of Solar Renewable Energy Credits (the "2015 Program"); and

WHEREAS, the 2015 Program is based on requirements set forth in the Renewable Energy Portfolio Standards Act ("REPSA") which was enacted in 2007 and amended in subsequent years. See 26 *Del. C.* §§351 to 364. The 2011 Amendments made Delmarva responsible for procuring RECs¹ and SRECs² necessary for compliance with respect to all energy delivered to Delmarva's distribution customers beginning in compliance year 2012 (June 2012 - May 2013); and

WHEREAS, the 2015 Program is based on recommendations of the Renewable Energy Taskforce, which is charged with making such

¹ A "REC" is defined in 26 *Del. C.* §352(18).

² An "SREC" is defined in 26 *Del. C.* §352(25).

recommendations to the Commission and other entities.³ See 26 Del. C. §§ 360(d), (d)(2), and (d)(3). The 2015 Program is also based on the Pilot Program,⁴ the 2013 Program,⁵ and the 2014 Program⁶ for the Procurement of Solar Renewable Energy Credits (collectively the "SREC Programs"), which the Taskforce developed and which the Commission previously approved; and

WHEREAS, in Order No. 8698 (January 6, 2015), the Commission opened this docket, ordered certain deadlines for the filing of petitions to intervene and public comments on the Application, and set an evidentiary hearing date for this matter for March 3, 2015; and

³ 26 Del. C. §360(a)(2) provides, in pertinent part, that the Taskforce is charged with making recommendations about and reporting on the following and matters related thereto: a. Establishing balanced markets mechanisms for REC and SREC trading; b. Establishing REC and SREC aggregation mechanisms and other devices to encourage the deployment of renewable, distributed renewable, and solar energy technologies in Delaware with the least impact on retail electricity suppliers, municipal electric companies and rural electric cooperatives; c. After an analysis by the Taskforce, the annual progress towards achieving the minimum cumulative percentages for all renewable energy resources including, but not limited to, solar and other eligible energy resources and making appropriate recommendations based upon deliberate and factual analysis and study; d. Minimizing the cost for complying with any portion of this subchapter based upon deliberate and factual analysis and study; e. Establishing revenue certainty for appropriate investment in renewable energy technologies, including, but not limited to, consideration of long-term contracts and auction mechanisms; f. Establishing mechanisms to maximize in-state renewable energy generation and local manufacturing; and g. Ensuring that residential, commercial, and utility scale photovoltaic and solar thermal systems of various sizes are financially viable and cost-effective investments in Delaware.

⁴ The Commission approved the Pilot Program via Order Nos. 8075 (November 8, 2011) and 8093 (December 20, 2011) in PSC Docket No. 11-399.

⁵ The Commission approved the 2013 Program via Order Nos. 8281 (January 22, 2013) and 8450 (September 10, 2013) in PSC Docket No. 12-526.

⁶ The Commission approved the 2014 Program via Order Nos. 8551 (April 15, 2014) and 8629 (September 9, 2014) in PSC Docket No. 14-41.

WHEREAS, pursuant to 29 *Del. C.* §8716, on December 16, 2014, the Delaware Public Advocate filed his statutory notice of intervention; and

WHEREAS, pursuant to 26 *Del. Admin. C.* §1001-2.9, on February 11, 2015, the Department of Natural Resources and Environmental Control timely filed a petition for leave to intervene; and

WHEREAS, Staff performed a review of the 2015 Procurement Program application to ensure compliance with recommendations made by the Renewable Energy Taskforce, Delaware Code, the Commission's regulations, prior orders and applicable law. The 2015 Program contained changes related to the management of the bid deposit, the amount of SRECs required and allocated by tier, and the transfer agreement payment structure. Staff supports the changes to the procurement process as outlined in the Application; and

WHEREAS, on December 1, 2014, the Department of Natural Resources and Environmental Control's Division of Energy and Climate ("DNREC") published proposed rules for Implementation of Renewable Energy Portfolio Standards Cap Provisions ("Cost Cap Rules"). DNREC presented a method for calculating the cost of compliance and noted that the proposed Cost Cap Rules would take effect beginning with compliance year 2013. Using DNREC's method of calculating the cost of compliance, Staff's calculations indicated that for the 2012 and 2013 compliance year, the cost caps have been reached. Therefore, the 2015 Program has the

potential to exceed the proposed cost caps. However, there is uncertainty in the revisions to the proposed rules; and

WHEREAS, the Commission, having reviewed the record in this case; and having received and reviewed the Application; and having heard oral argument from the participants at the evidentiary hearing held on March 3, 2015; and having deliberated in public at that March 3, 2015 evidentiary hearing;

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

1. The Commission grants Delmarva's Application regarding the 2015 Program with the changes that we discussed and accepted during deliberations.

2. The Commission will enter a formal Findings and Opinion in support of this Order at a later date.

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

Commissioner

ATTEST:

/s/ Donna Nickerson _____
Acting Secretary