



**STATE OF DELAWARE
PUBLIC SERVICE COMMISSION**

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June 18, 2013

MEMORANDUM

TO: Members of the Commission

FROM: Toni Loper, Public Utilities Analyst *TL*

SUBJECT: COMPLIANCE FILING IN THE MATTER OF THE APPLICATION OF DELMARVA
POWER & LIGHT COMPANY FOR APPROVAL OF QUALIFIED FUEL CELL
PROVIDER PROJECT TARIFFS (FILED MAY 24, 2013) –
PSC DOCKET NO. 13-76-05

On July 7, 2011, the Governor of the State of Delaware signed into law Amendments (the "Amendments") to the Renewable Energy Portfolio Standards Act (the "REPSA") that added Delaware-manufactured fuel cells to the REPSA and allowed energy output from such fuel cells to be considered a resource eligible to fulfill a portion of a Delaware Public Service Commission-regulated electric company's renewable energy credit requirements under REPSA.

The Amendments created a regulatory framework whereby the Commission-regulated electric company, Delmarva Power & Light Company ("Delmarva"), and the Qualified Fuel Cell Provider ("QFCP")¹ will jointly submit tariffs that enable and obligate Delmarva, as the agent for collection and disbursement, to collect from its customers a non-bypassable charge ("QFCP-RC Charge") for costs incurred for incremental site preparation, filing, administrative and other costs incurred by the QFCP. The QFCP-RC Charge is reduced by compensation to the Qualified Fuel Cell Provider Project ("QFCPP") for any revenues received from PJM or its successors at law from the output of the QFCPP.

On August 19, 2011, in PSC Docket No. 11-362, Delmarva filed an application for approval of a new electric tariff for Service Classification QFCP-RC ("Electric Tariff") and a new gas tariff for Service Classification LVG-QFCP-RC pursuant to the Amendments. On October 18, 2011, the Commission issued Order No. 8062 which approved this tariff filing. On December 1, 2011, the Commission signed Order No. 8079, which, among other things, adopted Order No. 8062. Pursuant to the Electric Tariff, Delmarva is serving in its mandatory role as a collection agent for the QFCP. In compliance with the Electric Tariff, Delmarva will provide monthly filings to account for the varying QFCP-RC Charge.

¹ All references to capitalized terms are set forth in 26 Del. C. §352.

On April 2, 2012, Delmarva submitted its first monthly filing ("Compliance Filing") as required by its Commission-approved Electric Tariff filed in PSC Docket No. 11-362. By Order No. 8136, the Commission permitted the May 2012 QFCP-RC Charge to take effect and required Delmarva to provide to Staff, with each future Compliance Filing under the REPSA, all documents that Staff requested from Delmarva as part of its review of the prior Compliance Filing.

On May 24, 2013, Delmarva submitted its fifteenth Compliance Filing, including the typical charges and calculations. In addition, the reconciliation factors (true-ups) of the April billing revenues, April PJM energy revenues, and April operational costs were included in the QFCP-RC Charge. The rates for each customer classification are provided below:

July 2013 QFCP-RC Charge		
Service Classification	\$ per kWh	Change from Previous Month
Residential	\$ 0.002074	\$ 0.000129
Residential – Space Heating	\$ 0.002074	\$ 0.000129
Residential Time-of-Use "R-TOU"	\$ 0.002074	\$ 0.000129
Residential Time-of-Use NON-Demand "R-TOU-ND"	\$ 0.002074	\$ 0.000129
Small General Service - Secondary Non-Demand "SGS-ND"	\$ 0.002074	\$ 0.000129
Space Heating Secondary Service "SGS-ND" and "MGS-S"	\$ 0.002074	\$ 0.000129
Water Heating Secondary Service "SGS-ND" and "MGS-S"	\$ 0.002074	\$ 0.000129
Outdoor Recreational Lighting Svc - Secondary "ORL"	\$ 0.002074	\$ 0.000129
Medium General Service - Secondary "MGS-S"	\$ 0.002074	\$ 0.000129
Large General Service - Secondary "LGS-S"	\$ 0.002074	\$ 0.000129
General Service - Primary "GS-P"	\$ 0.002029	\$ 0.000127
General Service - Transmission "GS-T"	\$ 0.001993	\$ 0.000125
Outdoor Lighting PL	\$ 0.002074	\$ 0.000129
Outdoor Lighting SL	\$ 0.002074	\$ 0.000129

26 Del. C. §364 (d) (4) provides as follows: **"Notwithstanding § 306 of this title or any other provision of the Delaware Code to the contrary, any changes in rates or charges necessary to collect funds for disbursements or costs addressed in subsections (a)-(c) of this section through adjustable non-bypassable charges shall become effective 30 days after filing, absent a determination of manifest error by the Public Service Commission. The Commission may allow changes in rates or charges related to such adjustable non-bypassable charges to become effective less than 30 days after filing under such conditions as it may prescribe."**

Delmarva has developed communications on renewable energy and alternative energy, including bill inserts and talking points for Delmarva call center employees. Detailed information on the Qualified Fuel Cell Provider Project can be found in Delmarva's Electric Tariff (QFCP-RC Leaf No. 74 -74r).

Staff performed a review of the calculations and the QFCP-RC Charge provided in the Compliance Filing dated May 24, 2013, and could not find any manifest errors at this time. However, on June 3, 2013, Staff was told by Delmarva that the detailed information regarding forced outage events and force majeure events that were listed in the May 2013 filing would be forthcoming. Delmarva responded by filing on or about June 4, 2013, a detailed outage event log for April 2013 and an outage event log update to be used in next month's (June's filing)'s monthly operating report ("MOR"). This second

document was entitled "DSG Outage Reporting Update 6/3/13" ("Outage Report Update"). In this document are the following statements: "DPL received DSG's² Detailed Outage Event Log for April 2013 on 5/20/13 and noted the same issues identified in the March Detailed Event Log Confidential Filing submitted to the DE PSC on 5/10/13. The Detailed Event Logs were missing data in the columns for duration, affected capacity & output lost. DPL communicated these concerns to DSG." Staff notes that the additional information that Delmarva filed did not provide the level detail which Staff had requested. In addition, Staff also notes that the Outage Report Update states as follows: "A secondary goal was to eliminate the need for a secondary confidential filing of the Detailed Event Log which has been provided in March & April." The Outage Report Update goes on to state as follows: "It was agreed by DSG & DPL:

1. DSG would modify the Outage Log in the May MOR to summarize the outage type data into 5 to 10 standardized categories.
2. The Outage Log totals in the MOR would tie to the other data provided in the MOR.
3. DSG would report the summarized outage data using the same format as the Detailed Outage Event Log.
4. DSG would not need to submit the Detailed Outage Event Log for May or subsequent months where no claim for FOE/FM payment was made.
5. DSG expressly agreed and understood that any FOE/FM claim would have to be accompanied by the level of detail acceptable to DPL and the DE PSC.
6. DPL would submit an update, which would include the confidential Detailed Outage Event Log for April, to the DE PSC regarding these efforts to improve outage reporting."

Staff disagrees with any argument that DSG does not need to submit the detailed outage event log for May 2013 or any subsequent months "when no claim for a FOE/FM³ payment is being made." However, Staff's position is that if at any time a Tariff K payment⁴ is claimed, it must be accompanied by an outage report with the level of detail acceptable to Staff before recovery of any payment would be considered. However, Staff's conclusions do not affect the proposed July QFCP-RC Charge. Staff therefore recommends that the July QFCP-RC Charge be permitted to take effect for bills issued by Delmarva to its customers between June 28 and July 30, 2013.

See Attachment A: QFCP-RC Charge - All Months

² "DSG" stands for Diamond State Generation Partners, LLC.

³ "FOE" stands for a "Forced Outage Event" as defined in Delmarva Power & Light Company, P.S.C. Del. No. 8 - Electric, Original Leaf No. 74n, Section Q, and "FM" stands for "Force Majeure Event" (same section and leaf number).

⁴ See Delmarva Power & Light Company, P.S.C. Del. No. 8 - Electric, Original Leaf No. 74h - 74j, Sections K(1) to K(7), which set forth the requirements for when Delmarva must collect from its customers and disburse to the QFCP Generator disbursements when there is a FOE or FM.

Attachment A

QFCP-RC Charge-All Months

Service Classification	May-12*	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Mar-13	Apr-13	May-13	Jun-13	Jul-13
	\$ per kWh	\$ per kWh	\$ per kWh	\$ per kWh	\$ per kWh	\$ per kWh	\$ per kWh	\$ per kWh	\$ per kWh	\$ per kWh	\$ per kWh
Residential	\$ 0.000143	\$ 0.000671	\$ 0.000614	\$ 0.000604	\$ 0.000823	\$ 0.000671	\$ 0.001466	\$ 0.001741	\$ 0.001615	\$ 0.001945	\$ 0.002074
Residential- Space Heating	\$ 0.000143	\$ 0.000671	\$ 0.000614	\$ 0.000604	\$ 0.000823	\$ 0.000671	\$ 0.001466	\$ 0.001741	\$ 0.001615	\$ 0.001945	\$ 0.002074
Residential Time-of-Use "R-TOU"	\$ 0.000143	\$ 0.000671	\$ 0.000614	\$ 0.000604	\$ 0.000823	\$ 0.000671	\$ 0.001466	\$ 0.001741	\$ 0.001615	\$ 0.001945	\$ 0.002074
Residential Time-of-Use NON-Demand "R-TOU-ND"	\$ 0.000143	\$ 0.000671	\$ 0.000614	\$ 0.000604	\$ 0.000823	\$ 0.000671	\$ 0.001466	\$ 0.001741	\$ 0.001615	\$ 0.001945	\$ 0.002074
Small General Service - Secondary Non-Demand "SGS-ND"	\$ 0.000143	\$ 0.000671	\$ 0.000614	\$ 0.000604	\$ 0.000823	\$ 0.000671	\$ 0.001466	\$ 0.001741	\$ 0.001615	\$ 0.001945	\$ 0.002074
Space Heating Secondary Service "SGS-ND" and "MGS-ND"	\$ 0.000143	\$ 0.000671	\$ 0.000614	\$ 0.000604	\$ 0.000823	\$ 0.000671	\$ 0.001466	\$ 0.001741	\$ 0.001615	\$ 0.001945	\$ 0.002074
Water Heating Secondary Service "SGS-ND" and "MGS-ND"	\$ 0.000143	\$ 0.000671	\$ 0.000614	\$ 0.000604	\$ 0.000823	\$ 0.000671	\$ 0.001466	\$ 0.001741	\$ 0.001615	\$ 0.001945	\$ 0.002074
Outdoor Recreational Lighting Svc - Secondary "MGS-S"	\$ 0.000143	\$ 0.000671	\$ 0.000614	\$ 0.000604	\$ 0.000823	\$ 0.000671	\$ 0.001466	\$ 0.001741	\$ 0.001615	\$ 0.001945	\$ 0.002074
Medium General Service - Secondary "MGS-S"	\$ 0.000143	\$ 0.000671	\$ 0.000614	\$ 0.000604	\$ 0.000823	\$ 0.000671	\$ 0.001466	\$ 0.001741	\$ 0.001615	\$ 0.001945	\$ 0.002074
Large General Service - Secondary "LGS-S"	\$ 0.000143	\$ 0.000671	\$ 0.000614	\$ 0.000604	\$ 0.000823	\$ 0.000671	\$ 0.001466	\$ 0.001741	\$ 0.001615	\$ 0.001945	\$ 0.002074
General Service - Primary "GS-P"	\$ 0.000139	\$ 0.000656	\$ 0.000601	\$ 0.000591	\$ 0.000805	\$ 0.000657	\$ 0.001434	\$ 0.001703	\$ 0.001579	\$ 0.001902	\$ 0.002029
General Service - Transmission "GS-T"	\$ 0.000137	\$ 0.000644	\$ 0.000590	\$ 0.000580	\$ 0.000791	\$ 0.000645	\$ 0.001409	\$ 0.001673	\$ 0.001551	\$ 0.001868	\$ 0.001993
Outdoor Lighting PL	\$ 0.000143	\$ 0.000671	\$ 0.000614	\$ 0.000604	\$ 0.000823	\$ 0.000671	\$ 0.001466	\$ 0.001741	\$ 0.001615	\$ 0.001945	\$ 0.002074
Outdoor Lighting SL	\$ 0.000143	\$ 0.000671	\$ 0.000614	\$ 0.000604	\$ 0.000823	\$ 0.000671	\$ 0.001466	\$ 0.001741	\$ 0.001615	\$ 0.001945	\$ 0.002074

* May QFCP-RC charges were based on 6 days of operation.

** 5.8 MW at Red Lion came on line in mid-December.

