

Frequently Asked Questions about Delaware's Renewable Portfolio Standard and the Proposed Solar Renewable Energy Credit Procurement Process

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1. **What is a Renewable Portfolio Standard?**

A Renewable Portfolio Standard (RPS) sets a target amount of electricity generation that must come from renewable energy sources. It is a market-based mechanism with performance-based results (results are assessed by the amount of energy directly produced from renewable systems). Twenty-nine states have renewable portfolio standards. Sixteen of those states have a specific target within their RPS for solar energy and/or distributed generation.

2. **What is a Renewable Energy Credit (REC)?**

Eligible energy resources (as defined by Title 26, Chapter 3A - <http://delcode.delaware.gov/title26/c001/sc03a/index.shtml>) include wind, geothermal, ocean energy systems, fuel cells, hydroelectric, and bio-digesters. In order to be able to participate in Delaware's RPS program, eligible energy resources have to register with the Delaware Public Service Commission. The application and filing instructions are located on the Delaware Public Service Commission's RPS website (<http://depssc.delaware.gov/electric/delrps.shtml>). Once the resource is certified by the Delaware Public Service Commission, the resource will need to register with PJM's Environmental Information System- [Generation Attribute Tracking System](#) (GATS). GATS tracks the generator's electric output for the issuance of the applicable RECs or SRECs. GATS also tracks the ownership of those RECs through their use by an electric utility for Delaware RPS compliance. As renewable systems produce electricity, they also produce Renewable Energy Credits (RECs). RECs are tradable "attributes" that are generated when a Mega-Watt-hour (MWh) of electricity is produced from an eligible energy resource. It's important to note that RECs are separate from the electricity generated and can be bought and sold separately from the power.

3. What is a Solar Renewable Energy Credit (SREC)?

Because of the separate solar requirement, solar photovoltaic energy resources are tracked separately in Delaware's RPS. System owners have to register with the Delaware Public Service Commission. The application and filing instructions are located on the Delaware Public Service Commission's RPS website (<http://depsec.delaware.gov/electric/delrps.shtml>). Once the resource is certified by the Delaware Public Service Commission, the resource will need to register with PJM's Environmental Information System – Generation Attribute Tracking System (GATS). GATS tracks the generator's electric output for the issuance of the applicable RECs or SRECs. GATS also tracks the ownership of those SRECs through their use by an electric utility for Delaware RPS compliance. As solar systems produce electricity, they also produce Solar Renewable Energy Credits (SRECs). SRECs are tradable "attributes" with 1 SREC equal to 1 Mega-Watt-hour (MWh) of solar energy production. SRECs are unique to energy that is generated from solar energy systems.

4. What is net-metering?

Net metering allows owners of small renewable resources to sell energy back to the grid. [Senate Bill 267](#), passed in 2010, allows owners to connect renewable energy systems to the grid if their rated output is no more than 110% of their average monthly demand. The law provides customers the opportunity to aggregate individual and provides aggregation provisions for community-owned energy generating facilities that are established by a group of customers. Rules governing the implementation of net metering are being finalized.

5. When was Delaware's Renewable Portfolio Standard Passed?

Delaware's RPS was established in 2005 ([SB74](#) <http://depsec.delaware.gov/electric/rpsact.pdf>) and required retail electricity suppliers to purchase 10% of the electricity sold in the state from eligible energy sources by 2019-2020 (the compliance year, or CY, runs from June 1 - May 31). In 2007 ([SB19](#) <http://depsec.delaware.gov/electric/sb19ha1.pdf>), the RPS target was updated to 20% with 2.005% to come from solar photovoltaics (PV). In 2010, the RPS was updated again with Senate Substitute Bill No. 1 for Senate Bill 119 ([SS1 SB119](#) [http://www.legis.delaware.gov/LIS/lis145.nsf/vwLegislation/SS+1+for+SB+119/\\$file/legis.html?open](http://www.legis.delaware.gov/LIS/lis145.nsf/vwLegislation/SS+1+for+SB+119/$file/legis.html?open)). The target in the 2010 bill states that 25% of electricity sold in the state must come from eligible energy resources **and** at least 3.5% come from solar PV by Compliance Year 2025 (June 1, 2025-May 31, 2026).

6. What is the Renewable Energy Taskforce?

Purpose: The Renewable Energy Taskforce (Taskforce) was mandated in the 2010 RPS legislation (SS1 SB119). The Taskforce was formed for the purpose of making recommendations about the establishment of trading mechanisms and other structures to support the growth of Delaware's renewable energy markets.

Membership: The Taskforce has 11 members, consisting of representatives from: the Department of Natural Resources and Environmental Control, the renewable energy research and development industry, the local renewable energy manufacturing industry, an

environmental advocacy organization, the Delaware Public Service Commission, Delmarva Power, the municipal electric companies, the Delaware Electric Cooperative, the Sustainable Energy Utility, the Delaware Public Advocate, and the Delaware Solar Energy Coalition. The Taskforce is staffed by the [Delaware Division of Climate](#). Taskforce meeting material and minutes can be accessed on the Taskforce's [website](#) <http://www.dnrec.delaware.gov/energy/information/otherinfo/Pages/RenewableEnergyTaskForce.aspx>

Responsibilities: The Taskforce is charged with making recommendations and reporting on:

- 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 the RPS 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.

7. What is the “Delaware Pilot Program for the Procurement of Solar Renewable Energy Credits”?

Purpose The “Delaware Pilot Program for the Procurement of Solar Renewable Energy Credits” or “Pilot” is a process that was developed by the Renewable Energy Taskforce to meet the requirements outlined in SB No. 1 for SB 119 of the Renewable Portfolio Standard for Delaware’s solar energy market. Please note that this is a proposed process and as of October 13, 2011 has not been approved by the Delaware Public Service Commission.

Structure The Taskforce developed a tiering structure to ensure that systems of various sizes are financially viable investments. The proposed process takes the overall solar target and splits it into four different “tiers” or groups of systems by size ranges: Tier 1 (<50kW, residential), Tier 2A (50kW-250kW, small commercial), Tier 2B (250kW-500kW, small commercial), Tier 3 (500kW-2MW, large commercial), and Tier 4 (>2MW, utility scale).

Prices and Contracts are designed uniquely for each sized system and have a 20 year commitment. Long-term contracts (all contracts in this pilot program are for 20 years) reduces risk, reduces overall cost (especially transaction cost), enables more small players to

participate, and reduces speculation. The large-system tiers are competitively bid (Tiers 3 and 2B). The small-system tiers (Tiers 2A and 1) use administratively set, long term contract prices. The prices for Tier 1 are \$260/SREC for the first ten years and \$50/SREC for the last ten years. Tier 2A's contract price is \$240/SREC for the first ten years and \$50/SREC for the last ten years. Please note that these contract processes are subject to change based on final approval from the Delaware Public Service Commission.

Multipliers: to maximize in-state economic development and benefits from the RPS, the law establishes additional mechanisms in the form of multipliers. There are two multipliers in the law; 1.) a 10% multiplier can be given for systems that use equipment, inclusive of mounting components that are manufactured in the state of Delaware and 2.) a 10% multiplier can be given for renewable energy systems that are built/constructed/installed by in-state workforce.

For example, if a homeowner builds their solar system with solar panels produced in Delaware they would qualify for the local content multiplier. This means for every MWh of electricity their solar system produces, they will receive 1.1 SRECs. This is because for every 1 MWh of electricity that is produced from the eligible solar system equals 1 SREC and because the homeowner used in-state panels or local content they will receive a 10% multiplier which equals .1 SREC. Therefore, the homeowner will receive the SREC plus the multiplier (1.1 SREC).

8. When will the Pilot Program for the Procurement of Solar Renewable Energy Credits be finalized?

Delmarva Power has filed the pilot program with the Delaware Public Service Commission. This filing is Docket [11-399](#). All information about the filing can be found on the Delaware Public Service Commission's website: <http://dep.sc.delaware.gov/electric/11399.shtml>. The Public Service Commission will be having a public comment session on Wednesday, October 19, 2011 at 7:00 pm the PSC office, 861 Silver Lake Blvd, Dover, DE 19904. Written comments will be accepted. All written comments must be filed no later than October 21. For more information about this filing please contact Courtney Stewart at the Public Service Commission. She can be reached by calling 302-736-7500 or by sending an email to: Courtney.Stewart@state.de.us. After public comment is due, the Public Service Commission will make a final determination to approve, modify, or to deny the pilot program.

9. Who do I contact for additional information?

For questions related to the Delaware Public Service Commission process please contact Courtney Stewart at 302-736-7500 or via email Courtney.Stewart@state.de.us. For questions related to the Delaware Renewable Energy Taskforce please contact Morgan Ellis at 302-735-3480 or Morgan.Ellis@state.de.us.