

Delaware Renewable Energy Taskforce Meeting

Delaware Public Service Commission, Hearing Room
861 Silver lake Blvd., Suite 100, Dover, DE 19904

<http://www.dnrec.delaware.gov/energy/information/Pages/RenewableEnergyTaskForce.aspx>

Monday, August 22, 2011

9:30am-12:00pm

Welcome and Introductions

Approval of meeting minutes

Per an agreement that was reached that the June 1, 2011 regarding the approval of meeting minutes, the Taskforce was asked to review all previous meeting minutes.

Glenn Moore gave a motion to approve all Taskforce meeting minutes.

Michael Sheehy seconded the motion.

Member	Organization Represented	Vote
Mark Neilson	Delaware Electric Cooperative	Absent
Dale Davis	Delaware Solar Energy Coalition	Yes
Senator Harris McDowell	Delaware Sustainable Energy Utility	Absent
Pat McCullar	Delaware Municipal Electric Companies	Abstain
Janice Dillard	Delaware Public Service Commission	Yes
Stanley Merritt	DuPont (renewable energy research & development industry)	Yes
Glenn Moore	Delmarva	Yes
John Sykes	Environmental Advocacy Organizations	Yes
Michael Sheehy	Delaware Public Advocate	Yes
Carolyn Snyder	Delaware Department of Natural Resources and Environmental Control	Yes
Dan Tompkins	Motech Americas (local renewable energy manufacturing industry)	Yes

Presentation "The State of Delaware Pilot Program for the Procurement of Solar Renewable Energy Credits" by Glenn Moore, Delmarva Power.

Glenn Moore:

There are three main components in this document:

1. How the program works.
2. The application.
3. The SREC transfer agreement.

There has been lots of work put into this pilot process document by the SREC sub-group. I will use the one-page overview document to highlight the main components of the pilot process.

The pilot process is a one-year process with a 20 year agreement. Ant future SREC program would need to be reviewed and approved.

It is anticipated that the Sustainable Energy Utility will implement, administer, and execute the program.

SRECs will be procured from four tiers on the following schedule for Delmarva Power for the 2011 compliance year. (Pulled from the one-pager)

Tier	System Size	#of SRECs (MWh)	Percentage of total SRECs	% of SRECs not including the Dover SunPark
Tier 4	≥ 2MW	10,600	48%	NA
Tier 3	>500kW to ≤2MW	4,500	20.4%	39.2%
Tier 2	>50kW to ≤250kW	2,000	18.2%	34.9%
Tier 2B	>250 kW to ≤500kW	2,000		
Tier 1	≤50kW	2,972	13.4%	25.9%
TOTAL		22,072 MWh	100%	100%

Please note that Tier 4 for CY2011 is already allocated to the Dover SUNpark. There will be no additional procurement from Tier 4 in this pilot process.

The tiering structure has changed slightly since the last discussion. Tiers 3 and 1 remain the same. Tier 1 is a system size that is ≤ 50kw with an administratively set price of \$260 for the first 10 years and \$50 for the last ten. Tier 3 is a system size that is >500kw to ≤ 2MW with prices being determined by a competitively bid process for the first 10 years and \$50/SREC for the second 10 years.

Tier 2 has been split into sub-tiers. Tier 2a will be an administratively set price of \$240 for the first 10 years and \$50 for the second 10 years. The price was \$270/SREC and was lowered to \$240/SREC. Tier 2b will be subject to competitively bid process for the first ten years and \$50/SREC for the last 10 years.

There is a \$280/SREC cap on all competitive bids. If there are bids that come in over \$280/SREC then those bids must seek written approval. Ties are discussed in the procurement document.

If an applicant received a grant from the Green Energy Fund prior to the December 2010 date, the SREC prices have been set for Tiers 1 and 2a as the following: Tier 1 \$235/SREC first 10 years \$50/SREC last 10 years and Tier 2a \$175/SREC for the first 10 years and \$5- for the second 10 years.

Standardized application form are contained within the document. All applications include a \$100/kw deposit for projects that are not yet online and a SREC transfer agreement is required for all projects.

Only projects with an accepted interconnection letter from the utility granting approval to operate 12/1/2010 or later are eligible to participate. The systems that are already online should be able to participate in the spot market. Bloom Energy doesn't begin until June of 2012. There should be enough for spot markets contracts prior to that date. The Taskforce was asked to examine and evaluate markets for new systems, not older markets or systems. There will be future discussions about old systems.

There are maximums and minimums for outputs on the systems. For Tiers 1 and 2 there is a maximum of 110% of contracted annual volume, there are no minimums. For Tiers 3 and 4 there is a maximum of 100% of contracted annual volume and a minimum of 80%. There is a proposed language change to this portion of the pilot document. The language is contained in section 6.2—the change would reflect that if extra SRECs are produced from a system, those SRECs would be turned over to the system owner. Delmarva would not be required to purchase those SRECs from the owner.

Next Steps

Delmarva will file with Public Service Commission over the next 2 to 3 weeks. Delmarva is in negotiations for a contract to transfer agreement for the SRECs and to manage the process. These conversations are on-going. The RPF for a procurement agent is also in progress.

Comment from Sub-Committee Members

Dale Davis- Glenn did a good job summarizing the process. Everyone worked really hard to make this work.

Comments from Taskforce Members

Carolyn Snyder- The SEU Board has been updated and their financial advisors will be a part of the on-going conversations with Delmarva regarding contract details.

John Sykes- In section 4.4 Quantity and Administratively Set Pricing. What is the process for on-going evaluation?

Glenn Moore- We are looking to learn from the bid process and the tiering pricing auction. These will all be the learning curve for this pilot process.

Carolyn Snyder- In addition, the issue of existing systems will need to be evaluated. This is a one-year pilot project and it will be brought up for reevaluation. Other topics of discussion for the reevaluation include: the Bloom project which comes online in 2012 and Tier 4. This expands the universe of what this program can cover. The process that we are designing will cover more and more of the state as we move forward.

Janice Dillard- Question about Bloom and the SRECs for Tier 4.

Glenn Moore- The intention of the Bloom SRECs are that they would be created from utility scale projects. It is the intention of Delmarva to use the Bloom SRECs to fulfill utility scale systems.

Carolyn Snyder- There was a misunderstanding that the Bloom project would interfere with this year's market. That is not the case.

Michael Sheehy- It was my understanding that the Dover SUNpark would handle the Tier 4 SRECs.

Glenn Moore- Yes, for this year it will take care of the Tier 4 requirement. Delmarva will take the SRECs from the Bloom project to keep Tiers 1, 2, and 3 open for procurement from other sources. As we move forward the requirement keeps growing.

Michael Sheehy- Is that why there are multipliers and other provisions to keep that open?

Glenn Moore- We don't want to reduce the amount of SRECs that we need from Tiers 1, 2, and 3.

Carolyn Snyder- This will have to be an on-going discussion as we move forward.

Michael Sheehy- Is there any sense of the timeline? Do you have an estimate?

Glenn Moore- There is a significant amount of discussion on this topic. There could be a minimum of 2 months or a maximum of 4 to 5 months. We hope to file with the PSC in the next few weeks.

Dale Davis- We have been talking about the timeline, since the legislation was passed in July of 2010, we have a lot of delayed projects in Delaware. Employment is lagging because these systems are not being developed. We are looking to expedite this process.

Glenn Moore- The PSC is working hard on figuring out how to accomplish this within the regulatory framework.

Dan Tompkins- It's important to have communication on the PSC process throughout the next couple of weeks on the progress of the project. Some communication will be critical over the next 60-90 days.

Finn McCabe- Note that the projects will have a year to get up and running.

Dan Tompkins- The sooner things get up and running the better. We don't want to create a cycle of waiting.

Michael Sheehy- No one is interested in delaying this process. Everyone is committed. Everyone needs to keep moving forward with the best intent.

Chair Arnetta McRae- Speaking for the Commission, we are aware of the need to keep this process moving forward.

Dale Davis- the PSC has been an invaluable asset to this process.

Public Comment

Chad Tolman, Coalition for Climate Change and Action (group of interdenominational churches)- We encourage our member churches to reduce waste, save money, and advocate for climate change mitigation and adaptation. I am a scientist with a PhD in physical chemistry from UC Berkeley, and have spent the last 20+ years learning, writing and speaking about energy and climate change -science, policy and public opinion. The science of climate change is solid – in spite of what some would have you believe. The results include rising temperatures, increasing severity of droughts and floods, losses of

crops, shortages of food and drinking water, property damage, decreasing air quality, the spread of tropical diseases, the extinction of many animal and plant species, increasing numbers of environmental refugees, and armed conflicts over food, water, land and energy resources. If we are to preserve Creation and prevent terrible suffering and economic loss, we should be moving as rapidly as possible to conserve energy, improve energy efficiency, and make the transition from fossil fuels to renewable energy sources like solar, wind and geothermal. Thanks to you of the Renewable Energy Task Force for helping that to happen in Delaware.

Peggy Schultz, I represent the League of Women Voters on the Sea Level Advisory Committee along with Chad Tolman- I visited Fowler Beach and saw an observation tower that in 2006 was behind the dunes, now it is in the Bay at high tide. I've spoken with several people in Glennville who lost their homes in the 2003 flooding. In 2010, I spoke to a pea farmer who said that his yield was 1/6 of his usual yield. The Southbridge community in Wilmington is currently raising their streets because of flooding. The sea is rising and storms are getting worse. These are features of climate change. Delaware's per capita carbon dioxide emissions are 12th highest of any US state and higher than our neighbors. Delaware will have to work hard to lower these emissions not only for the future, but for populations dealing with the impacts today.

John Nichols, representing himself- I represent myself and thousands of others on opposing the renewable energy portfolio standard. Once again in Pennsylvania the renewable energy portfolio standard has collapsed. I want to call your attention to the Caesar Rodney Institute's study that states job loss of 2 for every green economy job. This is wealth redistribution. The renewable energy portfolio standard states that the Commission must allow for public comment and give equal weight to the public's comment when making decisions. You have a report that states that it this will lose jobs. It is wealth redistribution; this is using my money for solar panels. Climate change is not occurring; no data in the past 15 years states that. Climate change is not a reason to move this forward.

Eden Shand, representing C3SA- Climate Change is negatively affecting the planet and the earth's population. It is a result of an addiction to oil. We have to stop this addiction and move to renewable energy. Wealth redistribution is virtuous and it is noble. Those who have must give to those who do not have. The more we resist this transfer, the more detrimental it will be.

Dan Snyder, Distributed Sun- We are a developer in DC. The less money we spend chasing SRECs the more solar we can have in Delaware. I have a couple of questions: What is the overall goal for Delmarva's load on an annual basis? Contract vs. spot market? There are also a lot of requirements for letters of credit in the procurement document. Why is this? Is there a retroactive SREC credit option? When do the SRECs start? Curious, if this solicitation will happen prior to the fuel cell solicitation.

Chris Kearns, Alteris Renewables- The bonus component for solar manufactured materials made in DE and that there should be some approved eligible manufacturer list by the state, so all developers know which companies are eligible to utilize the SREC bonus component option. The State of Connecticut is planning to do the same thing with their new SREC program coming online in 2012.

Renewable Energy Taskforce Discussion

Glenn Moore- I will answer these questions off line.

Dan Tompkins- There will need to be a forum for questions and answers so that everyone is aware of them.

Glenn Moore- Correct, there will be a discussion with moving the procurement administrator forward.

Glenn Moore- I would like to put a motion forward for an approval on the document with the additional language (Section 6.2) and to continue conversations with the SEU.

Dale Davis- I second the motion.

Dan Tompkins- I would like clarification on the language change from section 6.2. I would like to vote on the document as it was presented today.

Glenn Moore- We are voting on an either/or situation with the language. That the Taskforce would be ok with what is best.

Pat McCullar- I would like to add the amendment, "The Delaware Municipal Electric Companies and the Delaware Electric Cooperative have the right to participate at a future time".

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Taskforce Next Steps

Carolyn Snyder- As the process moves forward to the PSC we will keep the Taskforce up-to-date as we get information, to follow up to Dan's comment. There will be continued conversations between the SEU and Delmarva. After the PSC process has completed the Taskforce would reconvene. The Taskforce will also need to discuss the transition into an oversight role.

Glenn Moore- The sub-committee will continue to meet on an as needed basis.

Dan Tompkins- Clarification, Glenn the PSC filing will take place in a couple of weeks? Will the SEU negotiations be a quick process?

Carolyn Snyder- The SEU board will have their financial representatives review the process and document.

Glenn Moore- The RFP is close to final draft, we will send it out once it is completed.

Michael Sheehy- The filing with the PSC includes testimony. Who will provide testimony?

Glenn Moore- Mine and Rick Swink

Michael Sheehy- Shouldn't we have a Taskforce member?

Glenn Moore- That's a great question.

Michael Sheehy- I would anticipate that would be given separately. It would be helpful to the commission to have the representation from the Taskforce. That broad base of support would be helpful for the commission's questions and comments. It will also show support from around the table.

Finn McCabe- DESEC is planning on filing comment.

Carolyn Snyder- Need to check on who the testimony represents. Will need to check in with the secretary. Speaking of the schedule, the Taskforce should meet prior to the end of the year to evaluate the process if the PSC has not made a final ruling.

Dale Davis- I would like to point out that the Taskforce has been heavily focused on PV. We have a greater role than just PV.

Carolyn Snyder- PV is where we are right now. Since the Taskforce was created to address the change in the PV updates to the legislation so that is where we focused first. I suggest that we move through this process and reevaluate from there.

Dan Tompkins- That is congruent with the second meeting from last year.

Carolyn Snyder- Pending the development of Blue Water Wind and Bloom, that will be a prime time to discuss the taskforce's next steps.

Glenn Moore- September 25th is the deadline for Blue Water Wind, that was the extension period.

Carolyn Snyder- We will coordinate with the PSC on the filing schedule. We will meet by the end of the year if the PSC has not made a decision on this process. If a member of the Taskforce would like to have a meeting earlier, they should contact DNREC. There needs to be a conversation on moving forward with the rest of the RPS.

Adjourn