

# Delaware Renewable Energy Taskforce

Wednesday, July 11, 2012, 9:30 to 12:00 noon

Public Service Commission Hearing Room

861 Silver Lake Boulevard,

Cannon Building, Suite 100

Dover, Delaware 19904

## DRAFT Meeting Minutes

Members and alternates present:

Carolyn Snyder, Chair, DNREC Division of Energy & Climate	Present
Tom Noyes, DNREC Division of Energy & Climate (Alternate)	Present
Glenn Moore, Delmarva Power	Present
Dale Davis, Delaware Solar Energy Coalition	Absent
Finn McCabe, Delaware Solar Energy Coalition (Alternate)	Present
Dallas Winslow, Public Service Commission	Present
Pam Knotts, Public Service Commission (Alternate)	Present
Janice Dillard, Public Service Commission (Alternate)	Absent
Bill O'Brien, Public Service Commission	Present
Stanley Merritt, DuPont, Renewable energy research & development industry	Present
Derrick Botha, Motech, Local renewable energy manufacturing industry	Absent
Dave Holleran, Motech (Alternate)	Present
Mark Neilsen, Delaware Electric Cooperative (Alternate)	Present
Scott Lynch, Delaware Municipal Electric Companies (Alternate)	Present
Michael Sheehy, Public Advocate	Present
Andrea Maucher, Public Advocate (Alternate)	Present
John Sykes, Environmental advocacy organizations	Absent
Jim Black, Environmental advocacy organizations (Alternate)	Absent
Senator Harris McDowell, Sustainable Energy Utility	Absent
Tony DePrima, Sustainable Energy Utility (Alternate)	Present

Carolyn Snyder called the meeting to order at 9:30 a.m.

The Taskforce reviewed the minutes from June 13, 2012. Glenn Moore moved approval of the minutes; Michael Sheehy seconded the motion. All members present voted to approve the minutes.

The Taskforce turned to the question of recent public communications on the SREC market. Pam Knotts recounted some of the issues customers who have had solar PV systems installed have brought to the Public Service Commission. Some customers feel misled and thought they had had SREC prices promised by installers. Customers do not have enough independent sources of information on the SREC market.

It was suggested that DSEC place a notice or frequently asked questions (FAQ) on its website saying that SREC prices are not guaranteed. DSEC has previously posted information for customers or potential customers online. It was also suggested that other relevant websites (DNREC, DPL, DPA, PSC) link to the FAQ and state that state government agencies are not parties to a contract between an installer and a customer. Ways of tracking complaints were discussed. It was noted that unhappy customers could be directed to the Attorney General's Office or the Better Business Bureau.

The SEU and DSEC will work together to review customer communications and offer recommendations.

The Taskforce turned to a discussion of contract lengths for new systems. The Taskforce discussed whether competitively bid SREC prices should be paid for seven years or ten years, and whether set payments of \$50/SREC for the remaining years are necessary.

It was noted that seven years could be enough to satisfy financing needs for most customers. The \$50 payment was seen as less of an administrative challenge than monitoring and assessing penalties on system owners who don't report production through the PJM GATS system. The Taskforce discussed whether \$50 was too high, or whether a lower figure would provide enough incentive to prompt continued reporting of production.

The straw man proposal will be updated to state that contracts for new systems will feature competitively bid prices for the first seven years and a \$50/SREC price for the remaining 13 years of a 20 year contract.

The Taskforce turned to the question of contract terms for existing systems. Should they be offered shorter contracts? The value of consistency in contract structure was discussed. It was noted that SREC values would reflect market differences between new and existing systems in a competitive bidding process.

The straw man proposal will be updated to state that contracts for existing systems will feature competitively bid prices for the first seven years and a \$50/SREC price for the remaining 13 years of a 20 year contract.

The Taskforce briefly discussed the potential size of DPL's procurement needs. Concrete numbers will be presented at the next meeting. The Taskforce discussed whether DPL should procure some SRECs on the spot market as part of an overall portfolio strategy.

Carolyn Snyder suggested an overall consensus of the discussion on three procurement segments:

- One auction segment would be for new systems. 20 year contracts would be offered, with the first seven years at a bid price and 13 years at \$50.
- A second segment would be for existing systems. 20 year contracts would be offered, with the first seven years at a bid price and 13 years at \$50.
- A third segment would be procured through the spot market.

The Taskforce discussed the definition of Delaware labor in the RPS statute. The Public Service Commission rules interpret the statute to mean either installation in Delaware with 75% in-state labor, or work performed by a company has a 75% Delaware workforce.

The question of market dominance was discussed. Would the entry of larger companies be seen as market dominance or as a sign of competition benefiting consumers and ratepayers? If a competitive auction results in no Delaware labor getting work, the Taskforce could reassess the auction structure and take action.

Michael Sheehy expressed his dissatisfaction with the efforts of DSEC to promote Senate Bill 263, which would have increased the solar carve out and have created a new carve out for low income SRECs. (The bill was not brought to a vote in the General Assembly.) In his view, the bill would have increased compliance costs, and was an effort to circumvent the work of the Taskforce.

The Taskforce entertained comments from the public.

Bill Tidaback of Advance Solar offered his thoughts on some procurement features. He thinks a seven year contract is plenty to allow customers to recover their investments; after that he thinks the SREC value should be zero. Installation costs have fallen to about \$4 a watt. He said that setting a next procurement date is important to enable installers and customers to move ahead with new projects.

Brock Vinton said he concurs with the Taskforce's discussion on customer communications and misinformation. He disagreed with a seven year contract for larger commercial projects, which need ten years to cover their investments. He said the \$50 SREC in later for later years is important, and that customers recognize the value of later year income on project pro forma statements.

Harry Warren, president of Washington Gas Energy Services, submitted a letter to the Taskforce requesting that owners of existing systems be allowed to compete in future auctions. The full letter will be distributed to Taskforce members.

The Taskforce will meet on July 25 at the U.S. Department of Agriculture in Dover. Because of a crowded agenda, the meeting will run from 9:00 a.m. to 1:00 p.m. The Taskforce will also meet August 8, location to be announced.

The agenda for July 25 will include a presentation by Meister Consulting Group, which is preparing a report on the auction for the PSC, a discussion of the timing of the next auction, and a presentation on RPS plans from the Delaware Electrical Cooperative and the Delaware Municipal Electric Companies.

The meeting was concluded at 12:05 p.m.