

Delaware Renewable Energy Taskforce
Wednesday, August 8, 2012, 9:00 a.m. to 11:30 a.m.
United States Department of Agriculture
 1221 College Park Drive, Suite 200
 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	Present
Finn McCabe, Delaware Solar Energy Coalition (Alternate)	Present
Dallas Winslow, Public Service Commission	Present
Pam Knotts, Public Service Commission (Alternate)	Absent
Janice Dillard, Public Service Commission (Alternate)	Present
Bill O'Brien, Public Service Commission	Present
Stanley Merritt, DuPont, Renewable energy research & development industry	Present
Derrick Botha, Motech, Local renewable energy manufacturing industry	Present
Dave Holleran, Motech (Alternate)	Absent
Mark Neilsen, Delaware Electric Cooperative (Alternate)	Absent
Scott Lynch, Delaware Municipal Electric Companies (Alternate)	Present
Michael Sheehy, Public Advocate	Present
Andrea Maucher, Public Advocate (Alternate)	Absent
John Sykes, Environmental advocacy organizations	Present
Jim Black, Environmental advocacy organizations (Alternate)	Present
Senator Harris McDowell, Sustainable Energy Utility	Absent
Tony DePrima, Sustainable Energy Utility (Alternate)	Absent

Carolyn Snyder called the meeting to order at 9:08 AM. The Taskforce reviewed the minutes from July 25. Glenn Moore moved they be accepted. Dale Davis seconded the motion. All members present approved the motion with the exception of Dallas Winslow who abstained.

The Taskforce discussed the updated 2012 SREC Auction Proposal. Carolyn Snyder noted that DNREC had not heard any proposals for changes from members. The discussion was opened for comments from members of the public.

Brock Vinton of the Commonwealth Group asked about the treatment of partial fill systems. Glenn Moore said that the Taskforce had decided to not include the question in the policy

document and that it would be included in the full document submitted to the Public Service Commission. Brock Vinton asked about a price floor for Tier 1 bids. Carolyn Snyder responded that the proposal would not include a price floor.

There being no further discussion on the proposal, Glenn Moore moved approval of the 2012 SREC Auction Proposal. Dale Davis seconded the motion. The vote of the members was 8 Yes, 0 No, 1 Abstaining:

Members present	Vote
Carolyn Snyder, Chair, DNREC Division of Energy & Climate	Yes
Glenn Moore, Delmarva Power	Yes
Dale Davis, Delaware Solar Energy Coalition	Yes
Dallas Winslow, Public Service Commission	Abstain
Stanley Merritt, DuPont, Renewable energy research & development industry	Yes
Derrick Botha, Motech, Local renewable energy manufacturing industry	Yes
Scott Lynch, Delaware Municipal Electric Companies (Alternate)	Yes
Michael Sheehy, Public Advocate	Yes
John Sykes, Environmental advocacy organizations	Yes

The Taskforce reviewed the SREC requirement estimates from Delmarva Power. Glenn Moore said these represent DPL’s current forecast and reviewed the key assumptions in the forecast. DPL projects its net incremental SREC requirements for the next several years to be:

Compliance year	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Additional SRECs Required	1,822	6,132	14,876	23,584	33,205	44,442
Incremental SRECs Required		4,310	8,744	8,708	9,621	11,237

The additional SRECs required represents DPL’s total demand. The incremental SRECs required represents the minimal number of new SRECs DPL will need above the demand met through long term procurement from previous years. If DPL meets some of its load through spot market purchases, that portion of the requirement would still need to be met the following year.

Michael Sheehy asked about the projections for exempt load. Glenn Moore said that individual companies can decide whether to exempt themselves from paying for the RPS. Some have decided to not exempt themselves from the RPS requirement.

Glenn Moore then turned to DPL’s procurement proposal. DPL expects to need an average of 8,000 new SRECs for the next several years. By banking a few SRECs in the first year, DPL proposes to smooth its purchases for the next 3 to 4 years. DPL would allocate 4,000 SRECs for new systems, 3,000 SRECs for existing systems, and 1,000 SRECs through spot market purchases.

DPL proposes the following tier allocation:

New Systems

Tier 1	1,200	30%	
Tier 2	1,400	at least 35%	35% of the new systems procurement is reserved for Tier 2.
Tier 3	1,400	no more than 35%	Tier 2 bids can win additional SRECs from Tier 3 on a competitive basis.

Existing Systems

Tier 1	1,500	at least 50%	50% of the existing systems procurement is reserved for Tier 1.
Tier 2	1,500	no more than 50%	Tier 1 bids can win additional SRECs from Tier 2 on a competitive basis.

DPL would adjust its spot market allocation on an as needed basis. The new systems allocation for Tier 2 would be protected on a percentage basis, but Tier 3 would not be protected by price. If Tier 2 bids beat Tier 3 bids, they would get the SRECs. Similarly, the existing systems allocation for Tier 1 would be protected on a percentage basis, but Tier 2 would not be protected by price. Any Tier 1 bids that come in lower than Tier 2 bids would be successful.

Carolyn Snyder expressed her support for the proposal, saying it will use banking to create a stable market and should avoid the boom and bust problem for the next several years

Michael Sheehy said the proposal allocates procurement between new and existing systems.

Derrick Botha said it looks like a very good blend, but the total volume of the demand compared to already built projects and the Bloom Energy project doesn't leave much room for new business. Glenn Moore said that there is no Tier 4 in the Pilot Program just concluded or in this proposal. He noted that when the statute was changed to accommodate Bloom Energy, DPL was given the RPS compliance requirement for third party supplier load, which is bigger than the Bloom offsets.

Dale Davis said that given number of SRECs, this is best path going forward. The proposal will keep the industry from crashing and gives existing systems a chance to sell their SRECs. It balances existing systems and economic development, and he doesn't know how we could do any better.

Michael Sheehy noted that the proposal also includes the question of price in the balance. Dale Davis said Delaware should see the lowest prices in country.

Carolyn Snyder opened up the discussion for public comments.

Dave Stevenson of the Caesar Rodney Institute said the proposal does an excellent job of protecting ratepayers, and that King Solomon would approve. He suggested that auction winners shouldn't get GEF grants, which would promote growth in deployment of the solar market.

Brock Vinton said that allowing smaller projects to compete by price in higher tiers makes a lot of sense, and is very logical.

Carolyn Snyder said that smaller projects would still have to meet requirements of their tier.

Derrick Botha asked why not allow Tier 1 new systems to bid up. Glenn Moore responded that DPL wanted to guarantee an allocation for Tier 2 projects. Carolyn Snyder said that the Taskforce could consider the idea next time.

As for the idea of not giving Green Energy Fund grants to successful bidders, Glenn Moore said it would introduce uncertainty and complexity into the bidding process. Carolyn Snyder said it is an interesting idea and that the Taskforce can offer recommendations on the Green Energy Fund to the DNREC Secretary.

Michael Sheehy raised the question of whether the SEU should get the auction contract for the next procurement. Carolyn Snyder said this will be on the agenda for the next meeting. The Public Service Commission will share the report of its consultant on the matter. The report will be circulated before the next meeting, which will be August 29.

Glenn Moore said that its attorneys will start writing the policy document into a more detailed document, which should take 3 to 6 weeks to prepare.

Carolyn Snyder asked how the Taskforce wants to review the complete document. Taskforce members said they would like to review the more detailed document for compliance with the policy adopted today.

Carolyn Snyder said that DNREC has instituted a rule making procedure on the cost cap in the RPS statute. Dale Davis said that members need to be educated on the issue. Carolyn Snyder said that DNREC could make a presentation to Taskforce when rules are proposed. Taskforce members and interested parties are being informed of meetings on the process.

Carolyn Snyder invited final public comments.

Dave Stevenson of the CRI said he thinks the next auction result will lead to legislative changes, and that the auction should be held as early as possible to give the legislature time to consider changes. He said the set SREC price of \$50 for the last 13 years is too high, and he would prefer \$25, the current spot market price.

Mary Ellen Cronk of Northlake Business Advisors voiced her preference for a 10 year auction price instead of 7 years, which could send SREC price higher. She cited the effect on cash flow and the ability to borrow for finance projects, and said that some bidders might drop out.

Carolyn Snyder said that it has been a pleasure working with the Taskforce and thanked members for their hard work in developing a new procurement program. She expressed her faith in the Taskforce for this year and in future years.

The meeting concluded at 10:20 AM.