

Delaware Renewable Energy Taskforce

Wednesday, August 29, 2012, 9:30 a.m. to 12:00 noon

United States Department of Agriculture

1221 College Park Drive, Suite 200

Dover, Delaware 19904

DRAFT Meeting Minutes

Members and alternates present:

Rob Underwood, Acting 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	Absent
Pam Knotts, Public Service Commission (Alternate)	Present
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)	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)	Present
Senator Harris McDowell, Sustainable Energy Utility	Absent
Tony DePrima, Sustainable Energy Utility (Alternate)	Present

Rob Underwood, acting chair, opened the meeting at 9:32 AM.

The Taskforce reviewed the minutes from the August 8 meeting. Glenn Moore moved the approval of the minutes. Michael Sheehy seconded the motion. The minutes were unanimously approved on a voice vote.

The Taskforce discussed the proposal for total procurement 2013-2014 and split between new systems, existing systems and spot market purchases.

Glenn Moore reviewed the proposed 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.

Tony DePrima asked if the proposal would make a dent in the backlog of unsold SRECs. Glenn responded that the backlog totaled around 18,000 SRECs including projects completed before December 1, 2010 and those projects that were unsuccessful in the last auction.

Tom Noyes said that this proposal would give owners of existing systems the chance to bid for a long term contract over the next five years. Glenn Moore emphasized that the proposal provided the opportunity but no guarantee. Tom Noyes said the proposal would keep solar installers in business and likely lead to lower SREC prices through competitive bidding. Limited SREC banking by DPL should help hedge costs over the next several years, protecting ratepayers.

Michael Sheehy said the proposal offers a fair balance, and that he would like to simplify the auction structure even further in the future.

Dale Davis noted that the auction structure could not entirely eliminate tiers because the statute's criterion for promoting economic development.

Glenn Moore moved the approval of the SREC allocation proposal. Michael Sheehy seconded the motion. The motion carried with eight yes votes and three abstentions:

Members present	Vote
Rob Underwood, Acting Chair, DNREC Division of Energy & Climate	Yes
Glenn Moore, Delmarva Power	Yes
Dale Davis, Delaware Solar Energy Coalition	Yes
Pam Knotts, Public Service Commission (Alternate)	Abstain
Stanley Merritt, DuPont, Renewable energy research & development industry	Yes
Derrick Botha, Motech, Local renewable energy manufacturing industry	Yes
Mark Neilsen, Delaware Electric Cooperative (Alternate)	Abstain
Scott Lynch, Delaware Municipal Electric Companies (Alternate)	Yes
Michael Sheehy, Public Advocate	Yes
Jim Black, Environmental advocacy organizations (Alternate)	Yes
Tony DePrima, Sustainable Energy Utility (Alternate)	Abstain

Glenn Moore said it will take three to four weeks to draft the filing for the PSC. Bill O'Brien said the process would probably unfold as it did with the Pilot Program, for which DPL filed for approval of the program and will later seek cost recovery.

The Taskforce turned to a discussion of the role of SEU in next procurement. Michael Sheehy asked if there a less expensive option. He said this is an administrative cost, and he wasn't sure the Taskforce should address it.

Janis Dillard of the PSC staff asked what the SEU did for its \$70,000 in ongoing administrative fees.

Glenn Moore said that DPL hired the SEU and SRECTrade because the firm's accountants would not allow the company to sign SREC contracts directly. The \$70,000 covers administrative chores, such as writing checks and generating management reports. The amount would probably less than the cost of one comparable full time employee. He said he would be surprised if DPL does not continue with the SEU.

Michael Sheehy noted the relatively high cost per SREC. Glenn Moore said that unit costs were higher than in other larger states because of the small size of the market and that the overall cost compares favorably with other states.

Bill O'Brien said the statute gives the Taskforce responsibility for recommending programs that minimize cost.

Glenn Moore offered a motion that the Taskforce approve DPL's plan to have the SEU manage the next auction. Dale Davis seconded the motion.

Tony DePrima said the \$71,000 figure assumed that the SEU would sell all the SRECs in the first year, and said that the fee will probably be half as much because not all SRECs from the last auction are being generated. The fee is based on a downward sliding scale and the fee will go down each year. The fees cover setting up an online trading system, handling public questions, confirming SREC transfers with PJM, and making payments.

Dave Stevenson of the Caesar Rodney Institute questioned the costs in light of the SEU's accounting issues earlier this year.

Glenn Moore said that DPL has an opt-out clause with no penalty in the contracts with the SEU and SRECTrade.

Mark Neilsen said the Delaware Electric Cooperative will not participate in the next solicitation. Scott Lynch said the Municipal Electric Companies won't participate, but that members could choose to do so in the future.

Dave Stevenson asked why Delaware should develop a unique program, saying that utilities in other states handle auctions directly.

Bill O'Brien said that PSC consideration of the proposal could take longer without a Taskforce recommendation on the SEU.

Glenn Moore amended his motion to have the Taskforce approve DPL’s plan to contract with the SEU and SRECTrade to manage the next auction. Rob Underwood said that DNREC would abstain because the agency hasn’t developed a position on the use of the SEU.

The motion was brought to a vote and carried with six yes votes and four abstentions:

Members present	Vote
Rob Underwood, Acting Chair, DNREC Division of Energy & Climate	Abstain
Glenn Moore, Delmarva Power	Yes
Dale Davis, Delaware Solar Energy Coalition	Yes
Pam Knotts, Public Service Commission (Alternate)	Abstain
Stanley Merritt, DuPont, Renewable energy research & development industry	Absent
Derrick Botha, Motech, Local renewable energy manufacturing industry	Yes
Mark Neilsen, Delaware Electric Cooperative (Alternate)	Abstain
Scott Lynch, Delaware Municipal Electric Companies (Alternate)	Yes
Michael Sheehy, Public Advocate	Yes
Jim Black, Environmental advocacy organizations (Alternate)	Yes
Tony DePrima, Sustainable Energy Utility (Alternate)	Abstain

The Taskforce discussed next steps. DPL will bring back a filing document for the Taskforce to review. The next meeting was scheduled for October 10 at 10:00 AM, location to be determined.

The meeting was adjourned at 10:47 AM.