

The Delaware Renewable Energy Taskforce Meeting

Delaware Energy Office

1203 College Park Drive, Suite 101, Dover, DE 19904

Wednesday, December 1, 2010, 9:30am-12:00pm

http://www.dnrec.delaware.gov/energy/information/Pages/DE_Renewable_Energy_Taskforce.aspx

Welcome and Introductions

Presentation: Market Perspectives from the Renewable Manufacturing and Research Professions. Stanley Merritt, Du Pont Photovoltaic Solutions and Daniel Tompkins, Motech Americas.

Overall thoughts

- Want to evaluate and examine other renewable resources (outside PV)
- Enable sustainable growth and renewable development in Delaware.

Solar Industry Research: Enabling Sustainable Growth

- Industry behaviors influenced by ownership model and scale
 - Short term systems, quick payback, destined for resale versus long term, lifetime ownership, no resale
 - The industry has to focus on a model that drives sustainable growth and jobs for Delaware.
 - Decision-makers for module selection are system integrators and PV system developers.
 - Drivers for module supplier selection:
 - Financial Strength, Track Record, and Supply Reliability
- All modules are not created equal
 - Qualification tests alone do not guarantee reliable performance over time.
 - The industry needs to have long-term information to create long-term consistency in module performance.
- Managing reliability, performance and risk.
 - Building long-term industry confidence and ensuring sustainable growth.
 - Data is critical for reliability, performance and reducing risk—currently the industry is lacking this data.
 - The industry has to have the following:
 - Engagement, Information sharing, and Performance measurement systems

Delaware has a broad base of resources to move solar forward.

- University of Delaware
- Du Pont (research and development)
- Installers
- Manufacturers

Presentation: Financing Industrial and Utility Scale Solar. Barry Yerger, Mid-Atlantic Renewable Partners.

Introduction to MARP

Primary segment sizes in the US Solar market

- Residential (5-15kW)
- Commercial (100kW-1MW)
- Industrial (1-5MW)
- Utility (>10MW)

Different from Delaware's anticipated solar tiers

MARP- Tier 3

- Primary financing options
 - Balance Sheet, Lease, Power Purchase Agreement (PPA) (most prevalent in Tiers 3 and 4)
- Delaware Solar Market-Tier 3
 - Utilize PPA financing structure (over 90% of similar projects use)
 - Use of PPAs—contracts have become the market standard due to various benefits:
 - Cost, Efficiency, Predictability, Simplicity, and Stakeholder interests are aligned.
 - Developer/Financier Viewpoint
 - Considerations
 - Credit quality, Location, LCOE, Required return, and Site conditions

Developer/Financier Viewpoint for Delaware

- Delaware incentive program
- Current LCOE
- Current cost per Watt of solar installation

These criteria directly impact \$/kWh PPA pricing offered to potential Off-taker/host

Recommendations to the Renewable Energy Taskforce for consideration:

- Establishment of fair and transparent SREC procurement process
- Establishment of long-term SREC contracts
- Encourage additional and direct participation from ALL stakeholders
- Provide framework for resolution of procurement process goals.

Sub-Group Update, Glenn Moore, Delmarva Power.

Report out

- Good movement forward
- Issues still remain (in-progress to be resolved by the end of the year)
 - Tier 2 process
 - Project definition and size thresholds for tiers
 - Tier 1 reservation

- Tier 3 auction pricing and number of auctions
- Production guarantees for Tier 3
- Independent Monitor for the process (statewide)
- Contract suppliers and customers
- Customer's rights
- SEU process and contracts
- January 12, 2011 Meeting—Sub-group presentation of recommendations.

Presentation: Comparison of Geographic Eligibility RPS Requirements, Morgan Ellis, DNREC.

Review of 6 states and their rules and regulations on geographic requirements for renewable resources and self-generation.

Break down of geographic eligibility requirements and state reviewed.

- In-State Delivery
 - California
- Direct Connection to the State of Delaware
 - Texas
- Control Area Only
 - Minnesota
- Delivery to Control Area
 - Rhode Island
- No Geographic Requirements
 - Colorado

Discussion and comparison to Delaware's legislation.

Comments from Senator McDowell

The Taskforce should give careful attention on the relationship and process between the utilities, customers, developers, and the SEU. Particularly on the issue of performance contracts, terms and customer rights. SEU should not be put in the position to enforce contracts.

Next Steps

Discussion of factual analyses as required by the legislation and additional data.

Next meeting—January 12, 2011 from 9:30am-12:00pm at the Delaware Energy Office. Presentation: Recommendations from the Sub-group.

Public Comment

Mr. John Nichols gave comment on economic concerns with RPS legislative requirements.