

Delaware Renewable Energy Taskforce

Thursday, August 27, 2015

9:30 a.m. to 12:00 noon

Public Service Commission Hearing Room

861 Silver Lake Boulevard, Suite 100,

Dover DE, 19901

DRAFT Meeting Minutes

Members and alternates:

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)	Absent
Pam Knotts, Public Service Commission	Present
Toni Loper, Public Service Commission (Alternate)	Present
Lyris Cullinan, DuPont, Renewable energy research & development industry	Absent
Dave Holleran, Local renewable energy manufacturing industry	Present
Mark Nielsen, Delaware Electric Cooperative (Alternate)	Present
Scott Lynch, Delaware Municipal Electric Companies (Alternate)	Present
David Bonar, Public Advocate	Absent
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

Also present:

Bob Howatt, Public Service Commission

David Stevenson, consultant to the Public Advocate

Kevin Quilliam, InClime

Steve Arabia, NRG

Rob Underwood called the meeting to order at 9:30 a.m. The Taskforce reviewed the minutes from the July 30, 2015 meeting. Glenn Moore moved approval of the minutes. Mark Nielson seconded the motion. The minutes were approved unanimously with DEMEC abstaining.

Rob Underwood updated the Taskforce on the status of the RPS cost cap rulemaking. He said he expects a revised regulation to be published October 1. A hearing will be scheduled, after which the Division will prepare a technical response memorandum and publish a final regulation.

Glenn Moore said that Delmarva Power plans to move ahead with the SREC auction once the regulation is in place. Pam Knotts said that PSC Staff will want to see the final regulation before recommending approval of the auction. Andrea Maucher added that the Public Advocate will want to see the cost cap calculation before agreeing to the auction. She added that the Public Advocate wants the Taskforce to consider spot market purchases and a new utility scale PV project.

Dale Davis said that delay could affect SREC prices by dampening the supply of projects bidding into the auction. Glenn Moore said that DPL can consider spot market and a utility scale project through parallel process while moving ahead with the auction.

The Taskforce turned to considering some of the particulars in the straw-man proposal, starting with the number of SRECs on the table: 9,000 to 15,000 through long term contracts, with at least 1,000 through spot market purchases. Glenn Moore said that the number of spot market purchases could be higher, and that DPL was considering further purchases outside of the SREC auction, such as a three-year strip of relatively inexpensive SRECs. Some out of state PV systems are registered in Delaware. In summary he described a mix of spot market, three-year contracts and the 20-year auction contracts.

Tony DePrima asked if this was a North Carolina system that DPL was allowed to buy. Glenn Moore said yes. Pam Knotts said that systems must be sited in, or imported into, PJM. The rules governing qualification of PV systems are found in Section 3008 of the Administrative Code.

The Taskforce then turned to the tier structure. Dave Holleran asked why existing and new systems are lumped together. Glenn Moore said that including existing systems provided added price competition.

Andrea Maucher asked about including PV systems of greater than 2 MW, which can be called tier N-4. Glenn Moore said that DPL does have a contract with the Dover Sun Park. Another contract with a utility scale system would require analysis. Dover Sun Park at the time essentially shut down the market for N-1 and N-3 systems and utility scale systems come with some price risk. DPL will consider another utility scale project, but not this year.

Dale Davis raised the issue of how the possible renewal of the Investment Tax Credit could affect the supply of PV systems.

David Stevenson said there are solar farms selling SRECs at \$50/MWh, and that DPL could buy 2,000 to 3,000 SRECs from an N-4 tier. Dale Davis responded that DPL has the flexibility to buy 6,000 SRECs through the auction or elsewhere.

Andrea Maucher said that DPL can't keep adding costs, particularly for large users. Glenn Moore replied that Delaware rates are still lower than neighboring states like New Jersey. Dale Davis pointed out the large users have the ability to exempt themselves from the cost of RPS compliance. He also said that there is room for larger solar projects in Delaware going forward.

Asked how long it would take to build an N-4 project through an RFP, Dale Davis replied 18 months to two years. Glenn Moore said that DPL has not looked at an N-4 project since the Dover Sun Park.

Glenn Moore returned to DPL's interest in buying SRECs in three-year strips, which could be from one or more larger projects. Andrea Maucher asked if DPL could go either way in buying the 6,000 discretionary SRECs. Glenn Moore said that DPL would decide after the auction where to buy more SRECs to round out a portfolio of one-year, three-year and 20-year contracts. Andrea Maucher said that sounded like a reasonable approach, and that this was the first she had heard of DPL buying three-year strips. Dale Davis said that three to five-year strips are common in the industry.

Tom Noyes asked if Taskforce members were ready to agree on the tier structure and an auction of 9,000 to 15,000 SRECs. There being general agreement, these features were included in the straw-man proposal.

Andrea Maucher asked about the 20-year contracts. Glen Moore replied that DPL wants to own the rights to the SRECs beyond the 20 year contracts. This prompted a discussion of how DPL could meet its RPS compliance requirements after the 20-year contracts were up. For instance, could contracts be structured to feature 10 years of payments and then compliance thereafter for no further SREC payments? Some of the possibilities discussed might require legislation.

Glen Moore mentioned the pending RPS cost cap rules. Pam Knotts said that the PSC Staff would want to see the rules and the calculations before supporting the next SREC procurement. Rob Underwood said that DNREC planned to publish draft regulation on October 1.

Rob Underwood entertained a motion to accept the straw-man proposal. Dave Holleran moved, and Glen Moore seconded a motion to accept the straw-man proposal before the Taskforce. The motion was approved with the Public Advocate and the PSC Staff voting no.

Andrea Maucher said the Public Advocate would argue its views before the Commission. Glenn Moore pointed out that the RPS cost cap was not on the table, just the auction particulars. Pam Knotts said that Staff had no argument regarding the auction design.

Rob Underwood opened the floor for further discussion. Dave Stevenson asked about the Green Energy Fund grant levels. Rob Underwood said that changes were being considered.

Rob Underwood adjourned the meeting at 11:40 AM.