



STATE OF DELAWARE
DEPARTMENT OF NATURAL RESOURCES
AND ENVIRONMENTAL CONTROL

OFFICE OF THE
SECRETARY

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MEMORANDUM TO: Office of the Governor
Members of the Senate Natural Resources and Environmental
Control Committee
Members of the House Environment and Natural Resources
Committee

FROM : Collin P. O'Mara, Secretary 

SUBJECT : **START ACTION NOTICE**

DATE : April 10, 2012

Enclosed for your information is **APPROVED** Start Action Notice:

2012-03 to develop rules for administering the determination of the cost of the Renewable Portfolio Standard and whether or when to implement a freeze of the RPS.

Division Directors
Public Affairs
Those on Start Action Approval List
Responsible Staff Member

Delaware's Good Nature depends on you!

APPROVED BY C. C. C.

DATE 4-16-12



**START ACTION NOTICE
2012-03**

1. TYPE OF ACTION:

In accordance with 26 *Del. C.* § 354(i) & (j), the Delaware Department of Natural Resources and Environmental Control is proposing to develop new rules for determining whether and when to impose a freeze on implementing the Renewable Portfolio Standard. The action is prompted by a Petition for Rule-making filed along with proposed rules to implement the provisions.

2. PURPOSE OF ACTION:

To develop rules for administering the determination of RPS costs and whether and when to implement a freeze of the RPS.

3. STATUTORY BASIS:

26 *Del. C.* § 354(i) & (j)

(i) The State Energy Coordinator in consultation with the Commission, may freeze the minimum cumulative solar photovoltaics requirement for regulated utilities if the Delaware Energy Office determines that the total cost of complying with this requirement during a compliance year exceeds 1% of the total retail cost of electricity for retail electricity suppliers during the same compliance year. In the event of a freeze, the minimum cumulative percentage from solar photovoltaics shall remain at the percentage for the year in which the freeze is instituted. The freeze shall be lifted upon a finding by the Coordinator, in consultation with the Commission, that the total cost of compliance can reasonably be expected to be under the 1% threshold. The total cost of compliance shall include the costs associated with any ratepayer funded state solar rebate program, SREC purchases, and solar alternative compliance payments.

(j) The State Energy Coordinator in consultation with the Commission, may freeze the minimum cumulative eligible energy resources requirement for regulated utilities if the Delaware Energy Office determines that the total cost of complying with this requirement during a compliance year exceeds 3% of the total retail cost of electricity for retail electricity suppliers during the same compliance year. In the event of a freeze, the minimum cumulative percentage from eligible energy resources shall remain at the percentage for the year in which the freeze is instituted. The freeze shall be lifted upon a finding by the Coordinator, in consultation with the Commission, that the total cost of compliance can reasonably be expected to be under the 3% threshold. The total cost of compliance shall include the costs associated with any ratepayer funded state renewable energy rebate program, REC purchases, and alternative compliance payments.

4. LIKELY AFFECTED PUBLIC:

Electric ratepayers could have potential rate impacts minimized through the administration of the provisions. Members of the public and companies engaged in producing renewable energy credits could be affected if administration of the provisions reduces the quantity of renewable energy credits required to be purchased to fulfill the State Renewable Portfolio Standard. The general public could be affected to the extent that the deployment of renewable energy improves air quality and public health in Delaware by displacing the need for more polluting sources of electricity.

5. **PROPOSED SCHEDULE OF ACTIVITIES:**

Secretary's approval of Start Action Notice	March, 2012
Public workshops	July-August, 2012
Preparation of draft rules	August-October, 2012
Publish in Register	November, 2012
Public hearing	December, 2012
Effective date of rules	February, 2013

6. **RESPONSIBLE STAFF MEMBER:**

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7. **APPROVALS:**

Responsible Staff Member	Date
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