BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF DELAWARE

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IN THE MATTER OF THE APPLICATION OF DELMARVA POWER & LIGHT COMPANY FOR APPROVAL OF THE 2014 PROGRAM FOR THE PROCUREMENT OF SOLAR RENEWABLE ENERGY CREDITS (FILED JANUARY 27, 2014)	)	PSC DOCKET NO. 14-41

ORDER NO. 8535

AND NOW, this 20th day of February, 2014, the Delaware Public Service Commission ("Commission") determines and orders the following:

WHEREAS, on January 27, 2014, pursuant to 26 *Del. C.* §351 *et seq.*, Delmarva Power & Light Company ("Delmarva") filed an application (the "Application") with the Commission requesting approval of its 2014 Program for the Procurement of Solar Renewable Energy Credits (the "2014 Program"); and

WHEREAS, the 2014 Program is based on requirements set forth in the Renewable Energy Portfolio Standards Act ("REPSA") which was enacted in 2007 and amended in subsequent years. See 26 *Del. C.* §§351 - 364. The 2011 Amendments made Delmarva responsible for procuring RECs[1] and SRECs[2] necessary for compliance with respect to all energy delivered to Delmarva's distribution customers beginning in compliance year 2012 (June 2012 - May 2013); and

WHEREAS, the 2014 Program is based on recommendations of the Renewable Energy Taskforce (the "Taskforce"), which is charged with making such recommendations to the Commission and other entities.[3] See

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[1] A "REC" is defined in 26 *Del. C.* §352(18).
[2] An "SREC" is defined in 26 *Del. C.* §352(25).
[3] 26 *Del. C.* §360(a)(2) provides, in pertinent part, that the Taskforce is charged with making recommendations about and reporting on the following and

26 *Del. C.* §§360(d), (d)(2), and (d)(3). The 2014 Program is also based on the Pilot Program[4] and the 2013 Program for the Procurement of Solar Renewable Energy Credits (the "Pilot Program" and "2013 Program"),[5] which the Taskforce developed and which the Commission previously approved; and

WHEREAS, per Order No. 8450, the Commission retained a consultant (New Energy Opportunities, Inc. or "New Energy")[6] to conduct an independent review of the 2013 Program for compliance with the recommendations of the Commission Staff ("Staff") and the Taskforce and to examine associated issues, including, but not limited to:

a. The robustness of the response to the solicitation;

b. The structure of the solicitation with regard to tiers;

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matters related thereto: a. Establishing balanced markets mechanisms for REC and SREC trading; b. Establishing REC and SREC aggregation mechanisms and other devices to encourage the deployment of renewable, distributed renewable, and solar energy technologies in Delaware with the least impact on retail electricity suppliers, municipal electric companies and rural electric cooperatives; c. After an analysis by the Taskforce, the annual progress towards achieving the minimum cumulative percentages for all renewable energy resources including, but not limited to, solar and other eligible energy resources and making appropriate recommendations based upon deliberate and factual analysis and study; d. Minimizing the cost for complying with any portion of this subchapter based upon deliberate and factual analysis and study; e. Establishing revenue certainty for appropriate investment in renewable energy technologies, including, but not limited to, consideration of long-term contracts and auction mechanisms; f. Establishing mechanisms to maximize in-state renewable energy generation and local manufacturing; and g. Ensuring that residential, commercial, and utility scale photovoltaic and solar thermal systems of various sizes are financially viable and cost-effective investments in Delaware.

[4] The Commission approved the Pilot Program via Order Nos. 8075 (November 8, 2011) and 8093 (December 20, 2011) in PSC Docket No. 11-399.

[5] The Commission approved the 2013 Program via Order Nos. 8281 (January 22, 2013) and 8450 (September 10, 2013) in PSC Docket No. 12-526.

[6] Under the terms of the contract between the Commission and New Energy, New Energy was permitted to use a subcontractor. In this case, New Energy used LaCapra Associates, Inc.

c. The extent to which SREC prices should be determined by competitive bidding;

d. The effect of the SEU's[7] involvement in terms of cost of administration;

e. The quality of the conduct of the solicitation; and

WHEREAS, New Energy did provide the Commission with its independent review in the form of a report dated August, 7, 2013, as revised September 20, 2013; and

WHEREAS, in its Application, Delmarva requested that the Commission handle this matter on an expedited basis. Delmarva also stated in Exhibit "D" to its Application that the Taskforce recommended the next auction for SRECs begin no later than May 31, 2014, for the compliance year starting June 1, 2014; and

WHEREAS, Staff has reviewed the Application and recognizes that certain deadlines must be met for the SREC compliance year starting June 1, 2014. Hence, Staff agrees that expedited treatment should be given to the Application. Staff therefore will review all of the details of the 2014 Program for compliance with its previous recommendations set forth in the Pilot Program and the 2013 Program, as well as compliance with the Taskforce's recommendations;

NOW, THEREFORE, IT IS HEREBY ORDERED BY THE AFFIRMATIVE VOTE OF NOT FEWER THAN THREE COMMISSIONERS:

1. Pursuant to the requirements of 26 *Del. C.* §§102A and 304, Delmarva shall give public notice of the Application by causing the notice attached as **Exhibit "A"** to be published in the legal classified

[7] "SEU" stands for "Sustainable Energy Utility, Inc.," a Delaware non-profit corporation.

section of The News Journal and Delaware State News newspapers in two-column format, outlined in black, ***on or before Friday, February 28, 2014***. Delmarva is required to file in this docket affidavits of publication of such public notices as soon as possible, but not later than the commencement of the evidentiary hearings concerning this matter.

2. The deadline for filing written comments on the Application and for any petitions to intervene pursuant to 26 *Del. Admin. C.* §1001-2.9.2 shall be ***on or before Friday, March 21, 2014***. Late-filed petitions to intervene will not be granted unless good cause is shown.

3. Pursuant to 26 *Del. Admin. C.* §§1001-2.1.1 and 2.9.3, the Commission designates to Hearing Examiner Mark Lawrence the authority solely to grant or deny petitions seeking leave to intervene and motions for admission of counsel *pro hac vice*.

4. The Commission directs Staff to prepare for its consideration a report on the Application and Staff's recommendations for any changes to the proposed 2014 Program. Staff shall submit such report to the Commission ***on or before April 4, 2014***.

5. The Commission will conduct an evidentiary hearing on this matter at its regularly-scheduled meeting ***on Tuesday, April 15, 2014, beginning at 1:00 p.m.*** The Commission will make its decision on the Application based upon the entire record of the case.

6. The Commission Secretary shall promptly serve a copy of this Order on the Division of the Public Advocate.

7. Delmarva is hereby placed on notice that the costs of the proceeding will be charged to it under the provisions of 26 *Del. C.* §114(b)(1).

8. The Commission reserves the jurisdiction and authority to enter such further Orders in this matter as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

Chair

Commissioner

Commissioner

Commissioner

Commissioner

ATTEST:

Secretary

Exhibit "A"

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PUBLIC NOTICE OF FILING

TO: ALL ELECTRIC CUSTOMERS OF DELMARVA POWER & LIGHT COMPANY AND OTHER INTERESTED PERSONS

On January 27, 2014, Delmarva Power & Light Company ("Delmarva") filed an application ("Application") with the Delaware Public Service Commission ("Commission"). The Application requested Commission approval of the 2014 Program for the Procurement of Solar Renewable Energy Credits (the "2014 Program") developed by the Renewable Energy Taskforce, of which Delmarva Power is a member.

The Commission will make its decision on this matter on the basis of the evidence of record taken at public evidentiary hearings to be held at its regularly-scheduled meeting ***on April 15, 2014, beginning at 1:00 p.m.*** at the Commission's office located at 861 Silver Lake Boulevard, Cannon Building, Suite 100, Dover, Delaware 19904.

You are invited to review the Application and supporting documents to determine how your interests may be affected. You may review the documents during normal business hours in the Commission's Dover office or on the Commission's website at

www.state.de.us/delpsclwater.shtml. If you would like to review documents at the Commission's office, please contact Monica Hall at monica.hall@state.de.us to arrange a time for your review. You may also review copies of the Application at the office of the Division of the Public Advocate located at the Carvel State Office Building, 820 North French Street, 4th Floor, Wilmington, Delaware 19801. Please call (302) 577-5077 to arrange for a time to review the documents at that location.

If you wish to request copies of documents in this matter, please submit a Freedom of Information Act Request Form. This form may be found at http://smu.portal.delaware.gov/cgi-bin/mail.php?foia-request&subj=DOS. There is also a link to the Freedom of Information Act Request Form on the Commission's website at http://depsc.delaware.gov/default.shtml. The Commission will respond to your request in accordance with the Delaware Freedom of Information Act, 29 *Del. C. ch.* 100.

If you wish to participate as a party in this docket, with the right to present evidence and be heard by counsel, you must file a petition to intervene under the Commission's Rules of Practice and Procedure as set forth in 26 *Del. Admin. C.* §1001-2.9. You must file that petition ***on or before March 21, 2014,*** at the Commission's office located at:

Delaware Public Service Commission
861 Silver Lake Boulevard
Cannon Building, Suite 100
Dover, Delaware 19904
ATTN: PSC Docket No. 14-41

Petitions filed thereafter will not be considered except for good

cause shown.

If you would like to file written comments on the Application, you must do so by sending such comments on or before ***on or before March 21, 2014,*** at the Commission's office located in Dover, Delaware.

If you have a disability and wish to participate in, or to review the materials in, these proceedings, please contact the Commission to discuss any auxiliary aids or services you might need to help you. You may contact the Commission in person, in writing, by telephone (including text telephone), or by Internet e-mail. If you have questions about this matter, please call the Commission at 1-800-282-8574 (toll-free in Delaware) or (302) 736-7500 (voice and text telephone). You may also send questions or request information by Internet e-mail addressed to psc@state.de.us.