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Re: Delaware Solar Energy Coalition (DSEC) comments on Register Notice SAN #2012-03
102 Implementation of Renewable Energy Portfolio Standards Cost Cap Provisions

The Delaware Solar Energy Coalition (DSEC) is comprised of solar system owners, companies that install solar systems, manufacturers of solar equipment, and those with an interest in clean renewable energy. Delaware has built a robust industry around solar electrical, employing several hundred Delawareans, and creating over \$400M in economic development in the past 5 years.

This boon to Delaware's economy is made possible by the Renewable Energy Portfolio Standard and DNRECs careful custodianship of the rules, regulations and programs controlling the adoption of solar power. DNRECs rulemaking on the Implementation of the Cost Cap provisions will control the future of solar power in Delaware, and determine if the economic and environmental benefits the people of Delaware enjoy due to renewable energy continue, or are sacrificed in the interests of protecting fossil fuel revenues. DSEC offers the following comments in support of ensuring a viable future for solar and other renewable sources of power.

1. The cost of QFCP should not be included in the cost calculations
 - a. QFCPs have their own cost caps specifically addressed and calculated in title 26.
 - b. While enabled under legislation, natural gas fired fuel cells are not qualified to produce either RECs or SRECs accumulated on PJM-Gats for retirement to satisfy REPS requirements.
 - c. QFCP provisions and implementation do not include the actual purchase and retirement of RECs or SRECs. Therefore they do not meet the criteria established for inclusion in cost cap calculations
2. Inclusion of externality calculations
 - a. The IRP process has established substantial precedence to suggest that externalities should be considered in the calculation of the retail cost of energy and avoided cost rates.
 - b. The IRP also clearly establishes the cost of said externalities.
 - c. Such externalities that directly offset RPS costs to ratepayers should be included in cost calculations
3. Avoided Capacity costs
 - a. Net metered Renewable Energy Systems provided a capacity value to the grid that is not realized by the system owner.
 - b. Wind and Solar projects interconnected to the PJM grid are typically assigned a capacity value ranging from .3-.4 .
 - c. The value of this capacity should be calculated as follows:
(Name plate capacity of net metered systems by technology) \times (Average PJM capacity factor by technology) \times (average utility demand charge to end use customers)

The resultant capacity savings should be and subtracted from the RPS compliance cost.

4. Long term Renewable energy costs
 - a. Solar Renewable energy system costs do not escalate. Once the systems are paid for thorough initial savings, they continue to generate power throughout the life of equipment, typically measured in decades.
 - b. Energy savings to renewable energy system owners should be considered as a reduction in compliance costs.
5. Reducing Volumetric Usage with Distributed Renewable Energy
 - a. The installation of distributed renewable energy reduces the amount of power required to be supplied by the utility. This reduction lowers the requirement for SRECs and RECs for the life of the system. The cost savings represented by these volumetric reductions to REPS requirements should be included in the cost calculations.
6. Definitions of May vs. Shall
 - a. The statute specifically uses the word “May” to give the Director discretion in determining that if the cost of REPS should exceed the cap, if the ongoing benefits outweigh those costs.
 - b. The Director is further instructed to consult with the PSC prior to implementing a freeze, an action that would serve no purpose if there was no discretion available to the Director.
 - c. The statute then purposefully uses the word ‘Shall’ to indicate that once a freeze has been implemented, it “Shall” be lifted when the cost cap is no longer exceeded. The Director is specifically not given any discretion, and must lift a freeze once the costs have declined below the cap.
 - d. The word “May” directly indicates the use of discretion, while “Shall” indicates a compulsory mandate. It is unreasonable to interpret these words as having an identical definition, particularly as they are used to indicate disparate levels of discretion in the statute.

Thank you for considering our comments.

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