

Noyes, Thomas G. (DNREC)

From: Noyes, Thomas G. (DNREC)
Sent: Tuesday, November 21, 2017 3:52 PM
To: 'John Nichols'
Subject: RE: Questions
Attachments: DEMEC 2014-2015 RPS Compliance Report.pdf; 2014 - 2015 RPS Comparable Compliance Report.pdf - Adobe Acrobat.pdf

Mr. Nichols:

My responses to your questions are found below. Your email is quoted in italics with my responses below each question.

At what level of electricity consumption does an "industrial" customer become exempt (my term) from any proposed subsidy (OREC's) for offshore wind?

Currently, an industrial customer can become exempt if its peak demand exceeds 1,500 kilowatts, according to the Renewable Energy Portfolio Standards Act (REPSA, 26 Del.C. §§ 351-364):

§ 353 (b) The Commission shall implement renewable energy portfolio standards pursuant to this subchapter that apply to all retail electricity sales in the state except sales to any industrial customer with a peak demand in excess of 1,500 kilowatts.

§ 352 (26) "Total retail sales" means retail sales of electricity within the State of Delaware exclusive of sales to any industrial customer with a peak demand in excess of 1,500 kilowatts.

Your question refers to "any proposed subsidy." A proposed subsidy could retain or change the current exemption. Without a specific offshore wind proposal to refer to, I can't say whether the current exemption would be changed or kept the same in the future.

*In other words, when does the offshore wind subsidy become **by-passable** under the working group's current proposal?*

You refer to the "working group's current proposal." At this moment there is no substantive proposal for an "offshore wind subsidy" before the Working Group. As you know, having attended the meetings, the Working Group has not progressed beyond discussing policy options and scenarios. I can't answer a question on a provision that has not been proposed.

*As you explained, it is your understanding **only** the Bloom Energy tariff as established under REPSA is **non-bypassable**. Are the wind and solar subsidies (REC's and SREC's) included in the delivery charge or the supply charge of Delmarva Power customers? The Bloom Energy tariff must be included in the delivery charge to assure it is non-bypassable.*

As I understand it, RPS compliance costs and Bloom Energy are considered to be part of DPL's delivery charges, but are itemized separately on customer bills.

*Therefore, DNREC and Delmarva Power must know the customers exempt from the wind and solar subsidies for whom they deliver electricity from a third party supplier. Please identify **by name** the large "industrial" companies that **will not** be subject to any proposed subsidy for offshore wind.*

Again, I can't answer a question on what customers will or will not pay RPS compliance costs for a proposal that does not exist. As for the names of exempt customers, I will direct you to the Public Service Commission, which manages the exemption process for large industrial customers.

*Is the proposed **by-passable** standard the same for DEMEC, the Co-Op, and Delmarva Power? This was not explained during the 11/15/17 meeting.*

Again, there is no "proposed by-passable standard" on the table at this time.

How does DEMEC and the Co-Op manage their alternative compliance methods under REPSA? I know the Co-Op owns at least one solar array. Are their compliance costs included in delivery or supply charges?

I have attached recent reports from DEMEC and the Co-op. I do not know how REPSA compliance costs are treated in their accounting systems or presented to their customers.

*For the record, one does not "farm" solar panels or wind turbines. However, the PR firm who invented the term probably poll-tested it to determine if people could be influenced to regard **industrial** wind and solar projects as pastoral vistas. Personally, I think they are all a blight on the landscape that reduces open space, and causes environmental damage no matter where they are sited. Offshore turbines will be an eyesore and an environmental catastrophe on an epic scale - not a wind "farm".*

*This newest unacceptable proposal will cause the subsidies to paid by those who can least afford them - specifically the poor and middle-class. This means the proposal a **highly regressive tax** that further **stifles the ability of small businesses to create jobs**. As you know, small businesses are still the backbone of Delaware's lackluster economy.*

Please post my questions and your responses on the Working Group's website, and respond to me by email. I will submit my questions as a FOIA request if necessary. In the interest of transparency and expediency, I hope this is not required.

I will post your comments and this reply to the webpage.

You have sent me two other emails with questions. I will respond to them as quickly as I can.

Tom Noyes

From: John Nichols [mailto:j.nichols87@yahoo.com]
Sent: Wednesday, November 15, 2017 10:47 PM
To: Noyes, Thomas G. (DNREC)
Subject: Questions

Tom,

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Regards,

John Nichols

