



SPONSOR: Sen. McDowell & Sen. Cloutier on behalf of all Senators
& Rep. Hensley & Rep. Paradee on behalf of all
Representatives

DELAWARE STATE SENATE
149th GENERAL ASSEMBLY

SENATE JOINT RESOLUTION NO. 2

URGING THE FEDERAL ENERGY REGULATORY COMMISSION TO ACCEPT EITHER OF PJM
INTERCONNECTION, L.L.C.'S ALTERNATIVE METHODOLOGIES FOR ALLOCATING THE COST OF THE
ARTIFICIAL ISLAND PROJECT AS RECOMMENDED BY GOVERNOR CARNEY AND GOVERNOR HOGAN.

1 WHEREAS, PJM Interconnection, L.L.C. (PJM) is the regional transmission organization that coordinates the
2 movement of wholesale electricity in all or parts of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New
3 Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia, and the District of Columbia; and

4 WHEREAS, PJM has identified the need for a new transmission line across the Delaware River connecting
5 Artificial Island to Delaware (the Artificial Island Project); and

6 WHEREAS, the purpose of the Artificial Island Project is to address stability issues at the Salem and Hope Creek
7 nuclear power facilities, not to address supply deficiencies within the Delmarva Peninsula; and

8 WHEREAS, the majority of the load savings of this project are allocated regionally outside the Delmarva Zone;
9 and

10 WHEREAS, the estimated total cost of the project is \$278 million; and

11 WHEREAS, PJM allocated the cost of the Artificial Island project using a solution-based distribution factor
12 (SBDFAX) methodology, which resulted in customers in the Delmarva Zone being responsible for paying over 90% of the
13 cost of the Artificial Island Project despite receiving miniscule benefits from it; and

14 WHEREAS, Delaware's Congressional delegation, the Delaware and Maryland Public Service Commissions, the
15 Delaware Division of the Public Advocate, the Maryland Office of the People's Counsel, Old Dominion Electric
16 Cooperative, LS Power, and other stakeholders have challenged the current Distribution Factor (DFAX) cost allocation for
17 the Artificial Island project in proceedings pending before the FERC in Docket No. EL15-95-000;

18 WHEREAS, in the recent decision by the U.S. Federal Energy Regulatory Commission (FERC) on April 22, 2016
19 in Docket No. EL 15-95-000, the FERC decided not to modify the SBDFAX methodology used to allocate the Artificial
20 Island Project costs, despite evidence presented by the Delaware Public Service Commission (PSC) showing that the
21 SBDFAX formula places an undue and unfair burden on Delaware consumers and businesses; and

22 WHEREAS, the FERC's decision will require Delaware, and other residential and commercial customers on the
23 Delmarva Peninsula, to pay for more than 90 percent of the costs of the Artificial Island Project; and

24 WHEREAS, the Delaware and Maryland Public Service Commissions, the Delaware Division of the Public
25 Advocate, the Maryland Office of the People's Counsel, Old Dominion Electric Cooperative, LS Power, and other
26 stakeholders have filed requests for rehearing, which the FERC granted on June 21, 2016; and

27 WHEREAS, if the FERC's Order stands, the average Delaware residential customer will pay an additional \$2 to
28 \$4 on their monthly electric bills; and

29 WHEREAS, on June 9, 2017, PJM publicly released two alternative cost allocation methodologies that would
30 result in Delmarva Zone customers paying between 6% and 10% of the total costs of the Artificial Island Project, and
31 allocating the majority of the costs to zones that will experience the most benefit from the Artificial Island Project;

32 NOW, THEREFORE:

33 BE IT RESOLVED by the Senate and the House of Representatives of the 149th General Assembly of the State of
34 Delaware, with the approval of the Governor, that the State of Delaware urges the FERC to accept either alternative
35 methodology presented on June 9, 2017 by PJM as a fairer and more reasonable cost allocation solution to a stability
36 problem that is region-wide, thereby allocating just and reasonable costs across the regions to which the Artificial Island
37 Project provides benefits.

38 BE IT FURTHER RESOLVED that suitable copies of this resolution be sent to the Delaware Public Service
39 Commission, the Delaware Division of the Public Advocate, the FERC, and PJM.

SYNOPSIS

This Joint Resolution urges the Federal Energy Regulatory Commission to accept either alternative cost allocation methodology of the Artificial Island Project as presented by PJM.

Author: Senator McDowell