



SPONSOR: Sen. McDowell & Rep. D.E. Williams & Kowalko  
Sens. Bushweller, Cloutier, Hall-Long, Katz, Marshall,  
McBride & Sorenson & Reps. Brady, Schooley,  
Mulrooney, Longhurst & Oberle

DELAWARE STATE SENATE  
145th GENERAL ASSEMBLY

SENATE SUBSTITUTE NO. 1

FOR

SENATE BILL NO. 119

AN ACT TO AMEND TITLE 26 OF THE DELAWARE CODE RELATING TO THE RENEWABLE ENERGY PORTFOLIO STANDARDS.

1 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE:

2 Section 1. Amend §354(a) of Title 26 of the Delaware Code by striking Schedule I where it appears after the  
3 words “solar photovoltaics as follows:” and replacing it with the following:

<b>SCHEDULE I</b>		
<b>Compliance Year (beginning June 1<sup>st</sup>)</b>	<b>Minimum Cumulative Percentage from Eligible Energy Resources</b>	<b>Minimum Cumulative Percentage from Solar Photovoltaics*</b>
2010	5.00%	0.018%
2011	7.00%	0.20%
2012	8.50%	0.40%
2013	10.00%	0.60%
2014	11.50%	0.80%
2015	13.00%	1.00%
2016	14.50%	1.25%
2017	16.00%	1.50%
2018	17.50%	1.75%
2019	19.00%	2.00%
2020	20.00%	2.25%
2021	21.00%	2.50%
2022	22.00%	2.75%
2023	23.00%	3.00%
2024	24.00%	3.25%
2025	25.00%	3.50%

\* Minimum Percentage from Eligible Energy Resources Includes the Minimum Percentage from Solar Photovoltaics.

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Section 2. Amend §354(a) of Title 26 of the Delaware Code by striking the following language in its entirety:

“The State Energy Coordinator of the Delaware Energy Office shall have the authority to review the alternative compliance payments on an as needed or annual basis to determine reasonableness compared to market REC prices. The State Energy Coordinator of the Delaware Energy Office shall also have the authority to lower the alternative compliance payment by 10% in order to achieve reasonableness.”

Section 3. Amend §358(d) of Title 26 of the Delaware Code by adding the following as subparagraph (4) to read

as follows:

“The State Energy Coordinator shall have the authority to review the alternative compliance payment on an as needed or annual basis to determine reasonableness compared to market REC prices. Following an analysis conducted by the Delaware Energy Office, the State Energy Coordinator shall also have the authority to adjust the alternative compliance payment by 10% in order to achieve reasonableness.”

Section 4. Amend §354(b) of Title 26 of the Delaware Code by adding after the word “resources” the following:

“and solar photovoltaics”.

Section 5. Amend §354(b) of Title 26 of the Delaware Code by substituting “2026” for “2020” and “2025” for

“2019”.

Section 6. Amend §354(c) of Title 26 of the Delaware Code by substituting “25% from Eligible Energy

Resources” for “20%”.

Section 7. Amend §354(d) of Title 26 of the Delaware Code by substituting “25%” for “20%” as it appears in the

first sentence.

Section 8. Amend §354 of Title 26 of the Delaware Code by striking paragraph (e) in its entirety.

Section 9. Amend §354(f) of Title 26 of the Delaware Code by substituting “2026” for “2020”.

Section 10. Amend §354(h) of Title 26 of the Delaware Code by adding after the word “credits” the following:

“and solar renewable energy credits”.

Section 11. Amend §354 of Title 26 of the Delaware Code by adding paragraphs (i) and (j) at the end thereof to

read as follows:

“(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

33 suppliers during the same compliance year. In the event of a freeze, the minimum cumulative percentage from solar  
34 photovoltaics shall remain at the percentage for the year in which the freeze is instituted. The freeze shall be lifted upon a  
35 finding by the Coordinator, in consultation with the Commission, that the total cost of compliance can reasonably be  
36 expected to be under the 1% threshold. The total cost of compliance shall include the costs associated with any ratepayer  
37 funded state solar rebate program, SREC purchases, and solar alternative compliance payments.

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

46 Section 12. Amend §356 of Title 26 of the Delaware Code by adding new paragraphs (d) and (e) to read as  
47 follows:

48 “(d) A retail electricity supplier shall receive an additional 10% credit toward meeting the renewable energy  
49 portfolio standards established pursuant to this subchapter for solar or wind energy installations sited in Delaware provided  
50 that a minimum of 50% of the cost of renewable energy equipment, inclusive of mounting components, are manufactured in  
51 Delaware.

52 (e) A retail electricity supplier shall receive an additional 10% credit toward meeting the renewable energy  
53 portfolio standards established pursuant to this subchapter for solar or wind energy installations sited in Delaware provided  
54 that the facility is constructed and/or installed with a minimum of 75% in-state workforce.”

55 Section 13. Amend § 358(a) of Title 26 of the Delaware Code by inserting “and SREC” after “REC” and inserting  
56 “and SRECs” after “issuing RECs” and “of RECs”.

57 Section 14. Amend §358(e) of Title 26 of the Delaware Code by substituting “\$400” for “\$250”.

58 Section 15. Amend §358(e) of Title 26 of the Delaware Code by striking the following language in its entirety:

59 “The Delaware Energy Office may set the Solar Alternative Compliance Payments at an amount higher than, but  
60 not more than 20% higher than, the estimated competitive market cost of an SREC, determined by the quarterly weighted  
61 average cost of meeting the requirement through purchase of an SREC.”

62 Section 16. Amend §358(e) of Title 26 of the Delaware Code by substituting “\$400” for “\$250”.

63 Section 17. Amend §358(e)(1) of Title 26 of the Delaware Code by substituting “\$400” for “\$250” and “\$450” for  
64 “\$300”.

65 Section 18. Amend §358(e)(2) of Title 26 of the Delaware Code by substituting “\$450” for “\$300” and “\$500” for  
66 “\$350”.

67 Section 19. Amend §358(e) of Title 26 of the Delaware Code by adding a new subparagraph (3) to read as  
68 follows:

69 “(3) The State Energy Coordinator shall have the authority to review the Solar Alternative Compliance Payment  
70 on an as needed or annual basis to determine reasonableness compared to market-based SREC prices. Following an  
71 analysis conducted by the Delaware Energy Office, the State Energy Coordinator shall also have the authority to adjust the  
72 Solar Alternative Compliance Payment by 20% in order to achieve reasonableness, but not higher than 20% of the  
73 competitive market cost of an SREC, determined by the quarterly weighted average cost of meeting the requirement  
74 through purchase of an SREC as analyzed by the Delaware Energy Office.”

75 Section 20. Amend §362 of Title 26 of the Delaware Code by designating the existing paragraph as paragraph (a)  
76 and adding a new paragraph (b) to read as follows:

77 “(b) For regulated utilities, the Commission shall further adopt rules and regulations to specify the procedures for  
78 freezing the minimum cumulative solar photovoltaic requirement as authorized under §354(i) and (j), and for adjusting the  
79 alternative compliance payment and solar alternative compliance payment as authorized under §358(d)(4) and (e)(3).”

80 Section 21. Strike §363 of Title 26 of the Delaware Code in its entirety and replace it with a new section, to read as  
81 follows:

82 “§363 Special provisions for municipal electric companies and rural electric cooperatives.

83 (a) Any municipal electric company and any rural electric cooperative may elect to exempt itself from the  
84 requirements of this subchapter, if it develops and implements a comparable program to the Renewable Energy Portfolio  
85 Standards for its ratepayers beginning in 2013.

86 (b) In the event that a municipal electric company or rural electric cooperative elects to exempt itself from  
87 the requirements of this subchapter, it shall submit a plan at the beginning of 2013 to its Local Regulatory Authority, the  
88 Delaware General Assembly, and the Delaware Energy Office detailing its approach to achieve a level of renewable energy  
89 penetration in its service territory, and shall submit an annual compliance report to its Local Regulatory Authority, the  
90 Delaware General Assembly, and the Delaware Energy Office detailing its progress towards yearly targets.

91 (c) The Board of Directors for a rural electric cooperative or Local Regulatory Authority of a municipal

92 electric company shall base renewable energy portfolio standard decisions on the need, value and feasibility of the  
93 renewable energy resources pertaining to the economic and environmental well being of their members. The Board of  
94 Directors for a rural electric cooperative or Local Regulatory Authority of a municipal electric company shall continue to  
95 evaluate all renewable energy resources including but not limited to: wind, biomass, hydroelectric and solar and submit an  
96 annual report to the General Assembly and their membership as to their determination.

97 (d) In the event that a municipal electric company or rural electric cooperative elects to exempt itself, it shall  
98 either contribute to the Green Energy Fund at levels commensurate with other retail electricity suppliers or  
99 create an independent, self-administered fund separate from the Green Energy Fund to be used in support of  
100 energy efficiency technologies, renewable energy technologies, or demand side management programs, into  
101 which it shall make payments of at least \$0.178 for each megawatt-hour it sells, transmits, or distributes in  
102 this State.

103 (e) The total cost of compliance with this section shall include the costs associated with any ratepayer funded  
104 renewable energy rebate programs, REC and SREC purchases, or other costs incurred in meeting renewable  
105 energy programs.

106 (f) The total cost of complying with Eligible Energy Resources shall not exceed 3% of the total cost of the  
107 purchased power of the utility for any calendar year.

108 (g) The total cost of complying with the solar photovoltaic program shall not exceed 1% of the total cost of the  
109 purchased power of the affected utility for any calendar year.

110 (h) At no time during any calendar year shall the total cost of compliance with this section result in an increase of  
111 an average consumer's monthly bill in excess of 4%.

112 (i) The Board of Directors of a rural electric cooperative and the Local Regulatory Authority of a municipal  
113 electric company may approve an increase in the limit on the cost of compliance, as specified in (f) and (g)  
114 above.

115 (j) In pursuit of their renewable energy goals, a municipal electric company or rural electric cooperative shall  
116 receive all appropriate multiple credits for specific energy sources, as established under §356 and §357 and sited in  
117 Delaware for the life of contracts for renewable energy credits.”

118 Section 22. Amend §360 of Title 26 of the Delaware Code by adding new paragraph (d) to read as follows:

119 “(d) The Renewable Energy Taskforce shall be formed for the purpose of making recommendations about the  
120 establishment of trading mechanisms and other structures to support the growth of renewable energy markets in Delaware.

121 (1) The Taskforce shall comprise the following appointments:

- 122 a. Four appointments by the Secretary of DNREC, which shall include one representative from  
123 the renewable energy research and development industry, one representative from the local  
124 renewable energy manufacturing industry, and one representative from an environmental  
125 advocacy organization;
- 126 b. One appointment by the Commission;
- 127 c. One appointment by Delmarva Power & Light;
- 128 d. One appointment by the Delaware Electric Cooperative;
- 129 e. One appointment by municipal electric companies;
- 130 f. One appointment by the Sustainable Energy Utility;
- 131 g. One appointment by the Delaware Public Advocate; and
- 132 h. One appointment by the Delaware Solar Energy Coalition.

133 (2) The Taskforce shall be charged with making recommendations about and reporting on the following  
134 and matters related thereto:

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

151 (3) The Taskforce shall be formed within 90 days of the effective date of this Act and be staffed by the

152 Delaware Energy Office. The Taskforce shall make recommendations to the Commission, the Secretary of DNREC, the  
153 Board of Directors for rural electric cooperatives, and the pertinent Local Regulatory Authorities on the abovementioned  
154 subjects for their consideration. Upon making these recommendations, the Commission, DNREC, the Board of Directors  
155 for rural electric cooperatives, or the pertinent Local Regulatory Authorities, as appropriate, shall promulgate rules and  
156 regulations, or adopt policies, based on the Taskforce findings.”

#### SYNOPSIS

This act will further strengthen Delaware’s Renewable Energy Portfolio Standards by increasing and extending the required minimum percentage of renewable energy supply. The amendments included in this act will provide stability for the development of renewable energy markets in the State of Delaware. The act will also incentivize renewable energy projects that employ Delaware labor and locally manufactured products. The act also provides consumer protections by limiting any rate impacts. Finally, the act provides for municipal electric companies and rural electric cooperatives to have equitable participation in Delaware’s Renewable Energy Portfolio Standards and create greater opportunity for renewable energy technologies to reach market parity for the benefit of all Delaware ratepayers.

Author: Senator McDowell