

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE**

IN THE MATTER OF THE APPLICATION)
OF DELMARVA POWER AND LIGHT) PSC DOCKET NO. 26-_____
COMPANY FOR APPROVAL OF THE 2026)
PROGRAM FOR THE PROCUREMENT OF)
SOLAR RENEWABLE ENERGY CREDITS)

**DELMARVA POWER AND LIGHT COMPANY'S
APPLICATION FOR APPROVAL OF THE 2026 PROGRAM FOR
THE PROCUREMENT OF SOLAR RENEWABLE ENERGY CREDITS**

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Delmarva Power & Light Company (“Delmarva” or “DPL”) submits this application (the “Application”) pursuant to 26 *Del. C.* § 351 *et seq.* for approval by the Delaware Public Service Commission (the “DPSC”) of the attached 2026 Program for the Procurement of Solar Renewable Energy Credits (the “2026 Program”).

This Application provides legislative background, a program background, and a summary of prior auctions, as well as the purpose and key terms of the 2026 Program. This Application also provides the DPSC with the following information for consideration in connection with the Application: (i) the key inputs to the 2026 Program; (ii) the ways in which the 2026 Program differs from the 2025 Program; and (iii) the rationale for continuing the SEU’s involvement in the 2026 Program. While the 2026 Program was developed with the full participation of the Renewable Energy Taskforce (the “Taskforce”), of which Delmarva is a member, Delmarva submits this Application and anticipates that other members of the Taskforce will join in support of certain of Delmarva’s positions, as appropriate. To the extent necessary, a representative from either Delmarva or the Taskforce will be available to testify to any of the issues discussed in this Application.

In support of this Application, Delmarva states as follows:

I. Legislative Background

1. In 2007, the Governor approved and signed into law the Renewable Energy Portfolio Standards Act, 26 *Del. C.* §§ 351-364, (“REPSA”), the purpose of which was to “establish a market for electricity from [renewable energy resources] in Delaware, and to lower the cost to consumers of electricity from these resources.” 26 *Del. C.* §351(c). REPSA also recognized that having a market for renewable energy resources in Delaware would benefit the State through “improved regional and local air quality, improved public health, increased electric

supply diversity, increased protection against price volatility and supply disruption, improved transmission and distribution performance, and new economic development opportunities.” 26 *Del. C.* § 351(b).

2. In furtherance of these goals, REPSA requires retail electricity suppliers, such as Delmarva, to purchase energy from Eligible Energy Resources (as that term is defined in REPSA) to meet a portion of their annual retail load. Beginning with compliance year 2010, REPSA sets forth the minimum percentage of retail energy sales to end-users that must come from Eligible Energy Resources, including a “carve-out” that a certain percentage of Delaware’s renewable portfolio standards (“RPS”) that must be met by solar photovoltaics. 26 *Del. C.* § 354(a). The percentage of retail energy to be supplied from Eligible Energy Resources increases over time to 25.50% in 2026, with the solar carve-out increasing to 3.75% (*e.g.*, the statutory solar set aside for the 2019 compliance year was 2.0%). *Id.* In 2021, 26 *Del. C.* § 354(a) was amended such that the percentage of retail energy to be supplied from Eligible Energy Resources increased to 40% in 2035, with the solar RPS carve-out increasing to 10%. *Id.* Beginning with compliance year 2012, DPSC-regulated electric companies are responsible for procuring Renewable Energy Credits (“RECs”), Solar Renewable Energy Credits (“SRECs”), and any other attribute needed to comply with Section 354(a) of REPSA with respect to “all energy delivered to such companies’ end use customers.” 26 *Del. C.* § 354(e). Delmarva is the only DPSC-regulated electric supplier responsible for REPSA compliance for its entire distribution load.¹

3. REPSA was amended in 2010 to require the formation of the Taskforce for the purpose of “making recommendations about the establishment of trading mechanisms and other

¹ Pursuant to 26 *Del. C.* § 353(b), Delaware’s renewable portfolio standards apply to all retail electricity sales except sales to any industrial customer with a peak demand in excess of 1,500 kilowatts.

structures to support the growth of renewable energy markets in Delaware.” 26 *Del. C.* § 360(d). The Taskforce was required to include the following members: (i) four appointments by the Secretary of the Delaware Department of Natural Resources and Environmental Control (“DNREC”); (ii) one appointment by the DPSC; (iii) one appointment by Delmarva; (iv) one appointment by the Delaware Electric Cooperative; (v) one appointment by municipal electric companies; (vi) one appointment by the Sustainable Energy Utility (“SEU”); (vii) one appointment by the Delaware Public Advocate; and (viii) one appointment by the Delaware Solar Energy Coalition. 26 *Del. C.* § 360(d)(1).

4. The Taskforce was charged with making recommendations about and reporting on, *inter alia*, the following:

- A. Establishing a balanced market mechanism for REC and SREC trading;**
- B. Establishing REC and SREC aggregation mechanisms and other devices to encourage the deployment of solar energy technologies in Delaware with the least impact on retail electricity suppliers, municipal electric companies and rural electric cooperatives;**
- C. Minimizing the cost for complying with REPSA;**
- D. Establishing revenue certainty for appropriate investment in solar renewable energy technologies, including consideration of long-term contracts and auction mechanisms;**
- E. Establishing mechanisms to maximize in-state solar renewable energy generation and local manufacturing; and**
- F. Ensuring that residential, commercial, and utility scale photovoltaic and solar thermal systems of various sizes are financially viable and cost-effective instruments in Delaware.**

II. The Pilot Program and Evaluation of the Pilot Program

5. Following its formation and after meeting for almost a year, the Taskforce developed a Pilot Program for the Procurement of Solar Renewable Energy Credits (the “Pilot Program”) to implement the solar carve-out under REPSA through a competitive bidding process. The Pilot Program was designed as a one-year program to be re-evaluated each year to determine

whether it was effectively meeting the goals of REPSA. In order to increase the likelihood that a variety of residential and commercial projects would participate in the competitive auction, the Pilot Program established distinct tiers of solar generation units based on the nameplate capacity of the system and whether a bidder offered SRECs from a new or existing system.

6. The application for the Pilot Program was filed with the DPSC on September 11, 2011, and approved, with modifications, by Order No. 8075, dated November 8, 2011. On December 20, 2011, the DPSC issued its Final Findings, Opinion and Order No. 8093 (the “2011 DPSC Order”), setting forth the reasons for its approval of the Pilot Program with modifications.

7. In accordance with the 2011 DPSC Order, the DPSC retained Meister Consultants Group (“Meister”) to evaluate the Pilot Program. Meister produced a report on August 3, 2012 (the “Meister Report”) whereby Meister concluded that the solicitation under the Pilot Program was well subscribed, with each of the program tiers being oversubscribed by at least 200%. Based upon feedback from subscribers as well as its own analysis, Meister identified potential modifications to the Pilot Program to reduce costs to customers and create a more competitive solicitation. The Taskforce considered the findings in the Meister Report in developing the 2013 SREC Procurement Program (the “2013 Program”).

III. The 2013 SREC Procurement Program and Evaluation of the 2013 Program

8. On November 20, 2012, Delmarva filed an application with the DPSC seeking approval of the 2013 Program. The DPSC held an evidentiary hearing on January 22, 2013, and approved the 2013 Program with certain modifications (Order No. 8281). On September 10, 2013, the DPSC issued its Final Findings, Opinion and Order No. 8450 (the “2013 DPSC Order”) setting forth the reasons for its approval of the 2013 Program with modifications.

9. The 2013 DPSC Order provided for the DPSC to retain a consultant to review the 2013 Program (Order No. 8450, ¶ 33). The DPSC retained New Energy Opportunities, Inc. and LaCapra Associates, Inc. (the “Consultants”) to evaluate the 2013 Program.

10. The Consultants produced a report on August 7, 2013, which was revised on September 20, 2013 (the “Consultants’ Report”). The Consultants’ Report found that: (a) Delmarva should continue to make long-term purchases of SRECs from existing projects but should consider removing tiers based on project size for the next solicitation; (b) Delmarva should continue to purchase some amount of SRECs on the spot market; (c) Delmarva should maintain the competitive bidding process for all tiers but improve outreach to and education of prospective participants, especially homeowners and non-industry participants; and (d) consideration should be given to making changes to the SREC Transfer Agreement to avoid a large amount of tie bids and to reduce or eliminate any incentive for bidders to bid \$0 for the first seven (7) years of the contract. Overall, the Consultants concluded that the 2013 Program was conducted fairly and in a professional manner, and that the redesign of the Program to include competitive bidding and permit owners of existing projects to be eligible bidders resulted in lower costs which ultimately benefitted customers.

IV. The 2014 SREC Procurement Program

11. On January 27, 2014, Delmarva filed an application with the DPSC seeking approval of the 2014 SREC Procurement Program (“2014 Program”). The 2014 Program differed from the 2013 Program in two principal respects. First, Tiers N-1, E-1, and E-2 were combined for purposes of soliciting a targeted allocation of 3,400 SRECs. Second, the administrative price to be paid for the last thirteen (13) years of the long-term agreement for the purchase and transfer of SRECs (“Transfer Agreement”) was reduced from \$50 per SREC to \$35 per SREC. The DPSC

held an evidentiary hearing on April 15, 2014 and approved the 2014 Program as submitted (Order No. 8551). On September 9, 2014, the DPSC issued its Findings of Fact, Conclusions of Law and Final Opinion in Order No. 8629 (“2014 DPSC Order”) setting forth the reasons for its approval of the 2014 Program.

V. The 2015 SREC Procurement Program

12. On December 9, 2014, Delmarva filed an application with the DPSC seeking approval of the 2015 SREC Procurement Program (“2015 Program”). The 2015 Program differed from the 2014 Program in several ways. First, to address the surplus of SRECs in the market and increasing REPSA obligations, the total number of solicitation SRECs to be acquired through the auction from existing and new projects was increased by 3,000. Second, the 2015 Program allowed the SEU the right to reject any bids above the alternative compliance payment of \$400 under RESPA and, similarly, provided Delmarva the option of rejecting bids that exceed a threshold price determined by Delmarva. In addition, bids from a single project in multiple tiers were not permitted, but if a tier was undersubscribed (due to insufficient bids or rejected bids), bids from other tiers that were oversubscribed could be selected to fill the tier. Finally, while the twenty-year term for contracts was retained, bidders were required to bid a price for the first 10 years and a fixed price of \$35 per SREC for the last ten years. The DPSC held an evidentiary hearing on March 3, 2015, and approved the 2015 Program as submitted (Order No. 8717). On July 21, 2015, the DPSC issued its Findings of Fact, Conclusions of Law and Final Opinion in Order No. 8764 (“2015 DPSC Order”) setting forth the reasons for its approval of the 2015 Program.

VI. The 2016 SREC Procurement Program

13. Based upon the Taskforce’s review of the results of the 2015 Program and recommendations, Delmarva submitted an application for approval of the 2016 SREC

Procurement Program (“2016 Program”). The 2016 Program reflected the goals and structure of the Pilot Program, the 2013 Program, the 2014 Program, and the 2015 Program, with some modifications. The 2016 Program continued to be based on five tiers of SRECs, all competitively bid, but with the intent of obtaining a minimum of 9,000 SRECs and a maximum of 15,000 SRECs through the auction process. The 2016 Program included a change to Tiers N-1, N-2, E-1, and E-2 to reduce the upper size limit for eligible bidders from 30 kW to 25 kW to align with the interconnection limits established for smaller (Level 1) solar projects through Delmarva’s interconnection process. The DPSC approved the 2016 Program on May 3, 2016 pursuant to Order No. 8884. Thereafter, by Order No. 8890, dated September 6, 2016, the DPSC issued its Findings of Facts, Conclusions of Law and Opinion in Support of Order No. 8884.

VII. The 2017 SREC Procurement Program

14. On March 24, 2017, Delmarva filed an application with the DPSC seeking approval of the 2017 SREC Procurement Program (“2017 Program”). The 2017 Program continued the structure of the 2016 Program, with two modifications. First, the 2017 Program increased the authorized number of SRECs to be purchased through the long-term auction from 15,000 to 20,000 SRECs. Second, the 2017 Program added Tiers N-4 and E-3 to allow utility scale systems with nameplate capacity greater than 2 megawatts (“MW”) to participate in the competitive auction. The DPSC held an evidentiary hearing on April 20, 2017, and approved the 2017 Program as submitted (Order No. 9050). On September 14, 2017, the DPSC issued its Findings, Opinion and Order No. 9116 (“2017 DPSC Order”) setting forth the reasons for its approval of the 2017 Program.

VIII. The 2018 SREC Procurement Program

15. On April 16, 2018, Delmarva filed an application with the DPSC seeking approval of the 2018 SREC Procurement Program (“2018 Program”). The 2018 Program continued the structure of the 2017 Program, with the following modifications: (1) an increase in the maximum breakpoints for kW for Tiers N-1 and E-2 from 25 kW to 50 kW and Tier N-2 from 200 kW to 500 kW; (2) the addition of Tiers N-5 and E-4; (3) the inclusion of in-state system siting requirements for Tier N-3; (4) the imposition of a bidding limitation for Tier N-2; (5) the use of SRECs held by the SEU to fill undersubscribed Tiers in certain circumstances; and (6) a reduction in the administrative price to be paid for SRECs for the last ten years of the Agreement from \$35 per SREC to the lower of the bid price or \$20 per SREC. The DPSC held an evidentiary hearing on June 19, 2018, and approved the 2018 Program as submitted (Order No. 9235).

IX. The 2019 SREC Procurement Program

16. On February 13, 2019, Delmarva filed an application with the DPSC seeking approval of the 2019 SREC Procurement Program (“2019 Program”). The 2019 Program continued the structure of the 2018 Program, with the following modifications: (1) the reorganization of the Tier structure from nine Tiers to five Tiers, with all Existing Systems becoming part of Tier 5; (2) the limitation that bids rejected for price in any Tier cannot be used to backfill another Tier; (3) the inclusion of in-state system siting requirements for Tiers 1, 2, and 4; and (4) the requirement that community solar projects enter the Tier appropriate to their system size attributes. The DPSC held an evidentiary hearing on May 7, 2019, and approved the 2019 Program as submitted (Order No. 9380).

X. The 2020 and 2021 SREC Procurement Programs

17. On February 3, 2020, Delmarva filed an application for the 2020 Program in Docket No. 20-0106. Due to changed circumstances, on April 9, 2020, Delmarva requested that the DPSC indefinitely postpone its consideration of the 2020 Program until such time as Delmarva might renew its application. Delmarva did not seek to renew the 2020 Program during 2020, and on June 3, 2021, Delmarva withdrew its application regarding the 2020 Program.

18. Delmarva filed the application for the 2021 SREC Procurement Program (“2021 Program”) on May 5, 2021. The 2021 Program was based on the 2020 Program, and both the 2020 Program and the 2021 Program were developed with the full participation of, and support from, the Taskforce.

19. The 2021 Program continued the structure of the 2019 Program and 2020 Program, with the following primary modifications: (i) the new systems were defined by the date of the last auction; (ii) in each of Tiers 1-4, a potential of up to an additional 5,000 SRECs could be bid;² (iii) any changes to a system that already received a certification number required a second meter and a new certification number; and (iv) an administrative change to Tier 5 that addressed an inconsistency with the 2019 program with respect to the handling of in-state customer-owned new system third-party SREC ownership.

20. On May 17, 2021, the Caesar Rodney Institute (“CRI”) filed a petition for intervention, and was granted intervenor status on June 9, 2021. On May 24, 2021, CRI submitted written comments to the DPSC concerning the 2021 Program. The DPSC held an evidentiary hearing on July 14, 2021, and approved the 2021 Program as submitted via Order No. 9865. In

² After Tiers 1-5 had been filled by winning bids, Delmarva, at its discretion, was permitted purchase up to an additional 5,000 SRECs from the lowest priced losing bid from any Tier, with its maximum purchase not to exceed 20,000 SRECs.

doing so, the DPSC found that the 2021 SREC Procurement Program was in the public interest and met the criteria of REPSA.

21. On September 17, 2021, Governor John Carney signed Senate Bill 2 into law, which expanded access to community solar projects in Delaware. Among other things, Senate Bill 2: (1) allows for multiple types of ownership models, defined as “community-owned energy generating facilities,” (“CEFs”) to exist and compete in the marketplace; (2) increases the maximum size of these systems to 4 MW; (3) eliminates the requirement that all customers of a system must be located on the same distribution feeder; (4) eliminates the requirement that all customers of a system must be identified before the system can be built; (5) provides for the regulation of these systems by the DPSC and sets forth the fee and requirements for a Certificate to Operate; (6) provides compensation to the system owner for 10% or less of unsubscribed energy; (7) requires each system owner to certify that it serves at least 15% low income customers; and provides that the DPSC will engage in rule-making in consultation with the Consumer Protection Unit of the Delaware Department of Justice and promulgate rules and regulations by March of 2022.

22. On October 14, 2021, the results of the 2021 SREC Auction were announced. The 2021 Program was undersubscribed in four out of the five Tiers, but the undersubscriptions were generally minor and the total number of SRECs procured was in line with previous years. The only oversubscribed Tier was Tier 2, while Tier 1 was originally oversubscribed and became undersubscribed due to the price discretion exercised by Delmarva. The price discretion was exercised for any bids over \$45.00 in all Tiers. The weighted average price for all SRECs in the solicitation was \$30.24, and 13,507 effective RECs were contracted.

The results of the 2021 SREC Delaware auction were announced on 10/14/2021. A total of 13,507 SRECs were purchased through this year's procurement. Below are the pricing results for each tier and the overall solicitation:

	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Overall
High	\$33.00	\$24.99	\$35.50	\$45.00	\$45.00	\$45.00
Low	\$10.00	\$17.99	\$27.98	\$35.50	\$12.00	\$10.00
Weighted Average	\$26.50	\$22.22	\$32.39	\$38.16	\$32.79	\$30.24

XI. The 2022 SREC Procurement Program

23. When developing the 2022 Program, the Taskforce considered the comments that the DPSC made during the July 14, 2021, hearing in connection with Order No. 9865. In order to increase the likelihood that a wide variety of residential and commercial projects would have an opportunity to participate in the 2022 SREC Procurement Program, the Taskforce determined that the 2022 Program would offer: (i) a three Tier framework in lieu of the five Tier framework from the 2021 Program; (ii) an increased SREC target purchase volume from 10,000 SRECS to 11,000 SRECs for systems under 2 MW to, *inter alia*, account for enlargements of the RPS solar carve-out and accommodate any new CEFs; and (iii) a requirement that all long-term contracts be extended from twenty (20) years to twenty-five (25) years with the SRECs being paid for at the auction price per SREC for the first ten (10) years, and the developers would receive no further SREC compensation (*i.e.*, \$0 per SREC) for the remaining fifteen (15) years of the overall contract term. The 2022 Program otherwise largely continued the structure and processes of the 2021 Program and still contained: (1) a limitation that bids rejected for price in any Tier cannot be used to backfill another Tier; (2) the inclusion of in-state system siting requirements for certain Tiers; and (3) the requirement that community solar projects enter the appropriate Tier based on their system size attributes and other system criteria. On September 14, 2022, the DPSC issued Order No. 10103, which approved the 2022 SREC Procurement Program as submitted on May 17, 2022.

In doing so, the DPSC found that the 2022 SREC Procurement Program was in the public interest and met the criteria of REPSA.

24. On November 9, 2022, the results of the 2022 SREC Auction were announced. The 2022 Program was undersubscribed in two out of the three tiers. The 2022 Program resulted in the purchase of 9,903 SRECs (versus a target of 16,000 SRECs). Price discretion was exercised for any bids over \$45.00 in all Tiers. The weighted average price for all SRECs in the solicitation was \$31.03.

The results of the 2022 SREC Delaware Procurement Auction announced November 9, 2022

	Alpha Tier	Beta Tier	Gamma Tier	Overall
High	\$45.00	\$26.89	\$44.94	\$45.00
Low	\$10.00	\$26.89	\$20.00	\$10.00
Weighted Average	\$32.30	\$26.89	\$33.04	\$31.03

XII. The 2023 SREC Procurement Program

25. The Taskforce considered the following in developing the 2023 Program: (1) whether to increase the number of discretionary SRECs available for purchase in the Gamma Tier to help mitigate volatility of short-term spot market purchases; and (2) whether the SRECs receiving no compensation (\$0) per SREC for the final fifteen (15) years of the overall twenty-five (25) year contract term may have had a chilling effect on auction participation.

26. The 2023 Program offered: (i) an increased discretionary SREC target purchase volume in the Gamma Tier from 5,000 SRECS to 14,000 SRECs for any system up to 5 MW in order to, *inter alia*, mitigate impacts of future volatility in the SREC spot market, as well as account for enlargements of the RPS solar carve-out and accommodate any new CEFs; and (ii) an increase in the SREC price for the last fifteen (15) years of each contract from zero (\$0) compensation per SREC in 2022 to ten dollars (\$10) per SREC for the 2023 Program.

27. The 2023 Program otherwise largely continued the structure and processes of the 2022 Program, and still: (1) required a twenty-five (25) year contract for which the first ten (10) years will be compensated at the per SREC auction price; (2) contained a limitation that bids rejected for price in any Tier cannot be used to backfill another Tier; (3) included an in-state system siting requirement for certain Tiers; and (4) required that community solar projects enter the appropriate Tier based on their system size attributes and other system criteria. On August 23, 2023, the DPSC issued Order No. 10281, which approved the 2023 SREC Procurement Program as submitted on April 11, 2023. In doing so, the DPSC found that the 2023 SREC Procurement Program was in the public interest and met the criteria of REPSA.

28. The 2023 SREC Delaware Procurement Results were announced on October 31, 2023. A total of 8,628 SRECs were purchased through the 2023 procurement (versus a target of 16,000 SRECs).

The 2023 SREC Delaware Procurement Results were announced on October 31, 2023. A total of 8,628 SRECs were purchased through the 2023 procurement. The high, low, and weighted average by tier was:

	Alpha Tier	Beta Tier	Gamma Tier	Overall
High	\$45.00	\$30.00	\$44.90	\$45.00
Low	\$10.00	\$28.00	\$15.00	\$10.00
Weighted Average	\$30.82	\$29.44	\$35.76	\$30.51

XIII. The 2024 SREC Procurement Program

29. In developing the 2024 Program, the Taskforce considered: (1) whether to modify the quantity and allocation of the number of SRECs among the existing tiers; (2) whether an additional Tier should be added to provide a bidding option for a shorter term option; and (3) whether to continue the SRECs compensation of ten dollars (\$10) per SREC for the final fifteen (15) years of the overall twenty-five (25) year contract term for the Alpha, Beta and Gamma tiers.

30. The 2024 Program included two changes: (i) a decreased discretionary SREC target purchase volume in the Gamma Tier from 14,000 SRECs to 10,000, in response to the results of the 2023 Auction; and (ii) a new discretionary Delta Tier for up to 10,000 SRECs for large scale (>2MW) In-State Delaware projects, with a contract term for five (5) years at the bid price, in an effort to increase the diversity of bids.

31. The 2024 Program otherwise retained the structure and processes of the 2023 Program and still: (1) required a twenty-five (25) year contract for which the first ten (10) years will be compensated at the per SREC auction price; (2) contained a limitation that bids rejected for price in any Tier cannot be used to backfill another Tier; (3) included an in-state system siting requirement for certain Tiers; and (4) requires that community solar projects enter the appropriate Tier based on their system size attributes and other system criteria. On September 18, 2024, the DPSC issued Order No. 10535, which approved the 2024 SREC Procurement Program as submitted on August 14, 2024. In doing so, the DPSC found that the 2024 SREC Procurement Program was in the public interest and met the criteria of REPSA.

32. The 2024 SREC Delaware Procurement Results were announced on December 10, 2024. A total of 9,403 SRECs were purchased through the 2024 procurement (versus a target of 16,000 SRECs).

The 2024 SREC Delaware Procurement Results were announced on December 10, 2024. A total of 9,403 SRECs were purchased through the 2024 procurement. The high, low, and weighted average by tier was:

	Alpha Tier	Beta Tier	Gamma Tier	Delta Tier	Overall
High	\$43.00	\$44.79	\$44.79	n/a	\$44.79
Low	\$25.00	\$44.79	\$35.00	n/a	\$25.00
Weighted Average	\$36.90	\$44.79	\$35.76	n/a	\$43.80

XIV. The 2025 SREC Procurement Program

33. In particular, the Taskforce considered the following in developing the 2025 Program: (1) whether to modify the quantity and allocation of the number of SRECs among the existing tiers; (2) whether to modify the system size requirements for the Delta Tier; and (3) whether to modify the deposit amount for systems without interconnection approval. . The Taskforce met on a regular basis to consider issues related to the SREC Auction process and to develop clarifications and improvements to the 2025 Program. Each of the Taskforce meetings was open to the public and the Taskforce had the opportunity to consider a variety of viewpoints from within the Taskforce and otherwise.

34. The 2025 Program changed the following from the 2024 Program: (1) combining the previous Alpha Tier and Beta Tier into one tier, renamed as “Tier 1”; (2) removing the ownership requirements for Tier 1; (3) removing the system size restriction in Tier 3 (formerly “Delta Tier”); and (4) reducing the deposit amount for systems without interconnection approval from \$100 per kW to \$50 per kW.

Program

35. The 2025 Program otherwise largely continued the structure and processes of the 2024 Program, and still: (1) requires a twenty-five (25) year contract for Tier 1 (previously “Alpha and Beta Tier(s)”) and Tier 2 (previously “Gamma Tier”), which the first ten (10) years will be compensated at the per SREC auction price; (2) provides for a five (5) year contract for Tier 3 at the per SREC auction price; (3) contains a limitation that bids rejected for price in any Tier cannot be used to backfill another Tier; (4) includes an in-state system siting requirement for certain Tiers; and (5) requires that community solar projects enter the appropriate Tier based on their system size attributes and other system criteria.

On September 4, 2025, the DPSC issued Order No. 10820, which approved the 2025 SREC Procurement Program as submitted on July 2, 2025. In doing so, the DPSC found that the 2025 SREC Procurement Program was in the public interest and met the criteria of REPSA.

36. The 2025 SREC Delaware Procurement Results were announced on December 11, 2025. A total of 32,592 SRECs were purchased through the 2025 procurement.

	Tier 1	Tier 2	Tier 3	Overall
High	\$42.89	\$45.00	\$40.00	\$45.00
Low	\$32.00	\$30.00	\$30.00	\$30.00
Average	\$39.39	\$30.04	\$34.09	\$32.69

XV. The 2026 SREC Procurement Program

Since the approval of the Pilot Program and in connection with the 2013 through 2025 Programs (collectively, the “SREC Programs”), the Taskforce continued to meet to evaluate the results of the SREC Programs and to develop plans for procurement of SRECs in subsequent years. In developing the 2026 SREC Procurement Program (“2026 Program”) presented to the DPSC in this Application, the Taskforce considered data and stakeholder feedback during the Taskforce’s meetings. The 2026 Program was developed with the full participation of, and support from, the Taskforce, as well as input from interested stakeholders including members of the public.

37. The purpose of the 2026 Program is to continue the established goals of creating a market for SRECs in Delaware and providing a mechanism for the procurement of SRECs to ensure that retail electricity suppliers meet the requirements set forth in REPSA. With the exception of the changes described more fully below, the 2026 Program is similar to the 2025 Program.

38. In particular, the Taskforce considered whether to remove the SREC caps from Tiers 1, 2, and 3. In order to increase the likelihood that a wide variety of residential and commercial projects have an opportunity to participate in the 2026 SREC Program, the Taskforce determined that the 2026 Program would offer: (i) Tier 1 with a discretionary SREC target purchase volume of 11,000 SRECs (with no cap on total SRECs purchased) for any new in-state system up to two (2) MW; (ii) Tier 2 with a discretionary SREC Target of 10,000 SRECS (with no cap on total SRECs purchased) for any new or existing system from any certified system up to five (5) MW; (iii) a Tier 3 with a discretionary SREC Target of 10,000 SRECs (with no cap on total SRECs purchased) for new systems of any size; (iv) a deposit amount of \$50.00 per kW for systems without interconnection approval; and (v) Community Solar projects are eligible for all Tiers.

39. A full description of the 2026 Program, which includes appendices with the Solar Renewable Energy Credit Transfer Agreements for the Delaware Renewable Energy Program (“SREC Transfer Agreements”), is attached as Exhibit “A”. A redline showing changes made to the 2026 Program from the 2025 Program is attached as Exhibit “B”.

A. Term of the 2026 Program

40. As with the 2025 Program, Delmarva is seeking authority to implement the 2026 Program for one (1) year and intends to file future applications for subsequent annual programs.

B. Public Competitive Bidding Administered by the SEU

41. Consistent with the 2025 Program, the 2026 Program will utilize a public solicitation for SRECs for different tiers of solar generators based on project capacity. (*See Ex. A at Sections 5.1, 8.1*). As with the 2025 Program, the SEU will administer all aspects of the bid

process for the 2026 Program. (*See* Ex. A at Section 5).³ It is also anticipated that the SEU will engage contracting agent, InClima, Inc. (“InClima”) to administer any auctions held in connection with the 2026 Program. The use of the SEU to fulfill this administrative role allows one central entity to manage the program. It also allows the SEU to take advantage of its banking rights under REPSA as the SEU will procure the SRECs from various solar generators and resell the SRECs to participating utilities. Delmarva has found the SEU to be effective and cost efficient in administering the SREC Programs and expects that the SEU will continue to be effective in 2026.

42. There is sufficient rationale to continue the SEU’s involvement. Delmarva found the SEU and InClima to be efficient and effective in administering the SREC auction for the Pilot Program and the 2013 Program through the 2025 Program. The Taskforce supports the continued involvement of the SEU in the 2026 Program, and the SEU has represented that they will contract with InClima to run the auction. The SEU’s involvement will maintain program consistency and allow the SEU to take advantage of its unique banking rights if it purchases SRECs generated by a project in excess of the contract maximum described in the Transfer Agreement. As experienced in the 2025 Program, the fees to be paid to the SEU and InClima have declined due to economies of scale and learning curve benefits. It continues to be Delmarva’s burden to show that it could not have performed the functions of the SEU and InClima more cost effectively. As with the Pilot Program and the 2013 Program through the 2025 Program, the issue of whether Delmarva will be permitted to recover the costs of using the SEU and InClima to administer the 2026 Program will not be addressed in this proceeding.

C. Procurement of SRECs from Three Tiers of Solar Generators

³ Recovery of the SEU’s costs is not addressed in this Application and will be dealt with in separate proceedings.

43. The 2026 Program will procure SRECs from three different tiers of solar generators.⁴ (Ex. A at Section 4.11, 5.3). The three tiers are as follows:

GENERATION UNIT TIER DESIGNATIONS

<u>Tier Name</u>	<u>Tier Type & Location</u>	<u>Term</u>	<u>Nameplate Rating</u> (DC at STC)	<u>Notes</u>
Tier 1 11,000+ SRECs	Discretionary In-state Delaware	SRECs transferred to DPL for 25 years (paid 10 years at bid price; \$10/SREC cost to DPL for last 15 years)	Less than or equal to 2 MW	New systems (interconnection approval on or after November 15, 2025) of this size in any DE service territory are eligible.
Tier 2 10,000+ SRECs	Discretionary Any location	SRECs transferred to DPL for 25 years (paid 10 years at bid price; \$10/SREC cost to DPL for last 15 years)	Any system up to 5 MW	In-state new systems out-of-state, and all Existing Systems are eligible.
Tier 3 10,000+ SRECS	Discretionary In-state Delaware	SRECs transferred to DPL for 5 years at bid price.	Any system	New In-State Systems including Community Solar are eligible.

(Ex. A. at Section 5.3).

44. Each system is allowed to submit an application in only one Tier. (See Ex. A at Section 8.1). However, in the event that an Tier 1 or 2 are undersubscribed, bids from another oversubscribed Tier can be accepted to secure the necessary SRECs to fill the undersubscribed

⁴ As with years past, Delmarva will also continue procuring SRECs from the spot market based on variable spot purchase pricing.

Tier in the manner described in Paragraphs 47-49 below. To encourage a diversity of project Owners, the SEU will not award more than 50% of SRECs in Tier 1 to a single Owner unless Tier 1 is undersubscribed due to that limitation. In that case, the Owner's additional projects shall be added back to Tier 1 from the lowest bid price upward until the next highest price bid would cause Tier 1 to be oversubscribed. Provided these requirements are met, the SEU will accept for each Tier the lowest bid prices for that Tier. (*See* Ex. A at Sections 7.3, 8.1, 8.2, 9.1).

45. Based on Delmarva's forecasted load, it intends to procure a minimum of 31,000 SRECs through the long-term auction, as follows:

- Tier 1 – 11,000+ SRECs
- Tier 2 – 10,000+ SRECs
- Tier 3 – 10,000+ SRECS

*NOTE: After Tier 1 has been filled by winning bids, Delmarva, at its discretion, may purchase additional SRECs from Tier 2 and/or the lowest priced losing bids from any Tier except Tier 3,

46. Delmarva also has authority to exercise price discretion in any Tier and may reject any bids that exceed a per SREC price-point set by Delmarva. Those non-winning bids cannot be used to fill any unsubscribed Tier.

47. If the Tier 1 remains unsubscribed because of insufficient bids, then the lowest non-winning bids from Tier 2 can be used to fill Tier 1. (Ex. A. at Section 8.1).

48. If Tier 2 then remains unsubscribed due to insufficient bids, then the lowest non-winning bids from Tier 1 can be used to fill Tier 2. (Ex. A. at Section 8.1).

49. The Tier 3 bid price discretion and awards shall be considered entirely separate from the pricing discretion and awards for Tier 1 and Tier 2.

D. Standard Transfer Agreements and Other Requirements

50. Each Owner who is a winning bidder will enter into a standard form Transfer Agreement with the SEU. (*See* Ex. A at Appendix 1). The form of the Transfer Agreement for the 2026 Program was modified as described above.

51. Each SREC Transfer Agreement, with the exception of Tier 3, will have a term of twenty-five (25) years. (Ex. A at Sections 6.3, 8.1). For the first ten (10) years of the SREC Transfer Agreement, the SREC price will be the accepted bid price. (*See* Ex. A at Section 5.3, 7.3). For the remaining fifteen (15) years of the SREC Transfer Agreement, the SREC price will be ten dollars (\$10.00) per SREC. (*Id.*). The other key administrative terms of those long-term contracts have not changed significantly (note: a revised ‘clean’ version of the 2025 SREC Transfer Agreement is attached as Appendix 1 to Exhibit A to the 2025 Program; Exhibit B to the 2025 Program shows a blackline version of the changes to the 2024 SREC Transfer Agreement). In addition, the incentives for Delaware workforce and manufacturing remain the same as the 2026 Program.

52. It is the view of the Taskforce that the majority of the administrative processes in the SREC Transfer Agreement should continue to remain static to avoid public confusion over the process and the programs and to allow the Taskforce to improve the solicitation process while building upon the success of past auctions.

53. As with the 2025 Program, in each bid, regardless of Tier, the Owner will provide an Estimated SREC Quantity. Under the SREC Transfer Agreement, the quantity of SRECs delivered to the SEU in any year is limited to 110% of the Estimated SREC Quantity, which amount shall be the Contract Maximum. (Ex. A at Section 7.2). In addition, for any project with a nameplate rating of 500 kW or greater, the Owner shall be subject to a Minimum Annual Quantity. (Ex. A at Sections 7.2, 7.9). Each Owner subject to a Minimum Annual Quantity must

deliver to the SEU SRECs equal to no less than 80% of its Estimated SREC Quantity. (Ex. A at Section 7.2).

E. The 2026 Program Allows for Just and Reasonable Rates and Is In the Public Interest

54. The DPSC has jurisdiction over this matter pursuant to 26 *Del. C.* § 360(d)(3). The DPSC is required to “[f]ix just and reasonable standards, classifications, regulations, practices, measurements or services to be furnished, imposed, observed and followed thereafter by any public utility” 26 *Del. C.* § 209. The 2025 Program is in the public interest because it is in furtherance of REPSA and will allow for just and reasonable rates.

The primary differences between the 2026 Program and the 2025 Program are as follows:

- (i) Tier 1 with a discretionary SREC target purchase volume of 11,000 SRECs (with no cap on total SRECs purchased) for any new in-state system up to two (2) MW;
- (ii) Tier 2 with a discretionary SREC Target of 10,000 SRECS (with no cap on total SRECs purchased) for any new or existing system from any certified system up to five (5) MW
- (iii) a Tier 3 with a discretionary SREC Target of 10,000 SRECs (with no cap on total SRECs purchased) for new systems of any size;
- (iv) a deposit amount of \$50.00 per kW for systems without interconnection approval; and
- (v) Community Solar projects are eligible for all Tiers.

Through these changes, the Taskforce seeks to attract more bidders and encourage greater participation in the 2026 Program.

55. The Taskforce proposes to define new systems by the date of the last auction (*i.e.*, anything with interconnection approval after November 15, 2025).

56. The Taskforce recommends that 11,000+ SRECs can be bid in Tier 1, 10,000+ SRECs can be bid in Tier 2, and 10,000+ SRECs can be bid in Tier 3.

57. For the foregoing reasons, the Taskforce believes that the 2026 Program is in the public interest and will result in just and reasonable rates. It will improve upon the results achieved through the 2025 Program by ensuring the lowest SREC price (and, therefore, the least customer impact), and will continue to create a market for SRECs at all levels of generation, which advances the goals of the REPSA.

XVI. Request for Approval

58. As with the Pilot Program and the 2013 Program through the 2025 Program, the 2026 Program was developed by the Taskforce over the last year with input from a number of stakeholders and is not opposed by any of those stakeholders. Each of the Taskforce meetings was open to the public.

59. Delmarva and the Taskforce believe the 2026 Program satisfies the goals set forth by REPSA and improves upon the 2025 Program and, as demonstrated above, is in the public interest.

60. The DPSC Staff and the DPA have been thoroughly involved in the design of the 2025 Program through the Taskforce proceedings and did not oppose it. Accordingly, Delmarva respectfully requests that the DPSC approve the Application for the reasons set forth above.

WHEREFORE, for the foregoing reasons, Delmarva respectfully requests that the 2026 Program, attached as **Exhibit A**, be approved.

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