



## DELAWARE AUDUBON SOCIETY

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In the Matter of Integrated Resource Planning for the Provision of Standard Offer Supply Service by Delmarva Power & Light Company Under 26 Del. C. § 1007 (c) & (d): Review and Approval of the Request for Proposals for the Construction of New Generation Resources Under 26 Del. C. § 1007 (d) (Opened July 25, 2006) – PSC Docket No. 06-241

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Wesley College  
Room 206 College Center  
Tuesday, May 8, 2007  
10:00 AM

### STATEMENT OF DELAWARE AUDUBON

Delaware Audubon appreciates the opportunity to provide comment on this extremely important environmental and public health issue. Delaware Audubon was incorporated in Delaware as a non-profit organization in 1977 and is a statewide chapter of the National Audubon Society. The Audubon Society is dedicated to developing a better appreciation of our natural environment and working for species and habitat protection and conservation.

Delaware Audubon consists of approximately 1,500 members throughout the state advocating on a wide range of environmental issues and sponsoring programs, field trips and school education. Our focus is on protection of the Delaware Bay and the Coastal Zone.

The following represents the organization's comments on the deliberation and decision of the Commission on whether Delmarva Power & Light should pursue a long-term power contract with one or more of the three bidders in this process. This statement should be considered in conjunction with the organization's Wind Energy Statement and other comments and testimony previously submitted to the Public Service Commission, the State Energy Office, the Director of the Office of Management and Budget and the Controller General in this matter.

Our organization has long supported energy conservation and efficiency and the use of renewable sources of energy. It is extremely important, however, that great thought and

consideration be given to the social, economic and environmental impacts associated with all energy options, including renewable sources of energy.

#### General Comments:

We have reviewed the Independent Consultant's evaluation of the three project proposals submitted in response to the Delmarva RFP, and the IC's recommendations. We have also reviewed the Public Service Commission's staff report and recommendation. Finally, we have reviewed the "Responsive Comments to the Independent Consultant's Report" submitted by the Delaware Public Advocate (DPA) dated May 2, 2007. I would like to preface my remarks by offering the following comments:

1. The United States is the largest single emitter of carbon dioxide from the burning of fossil fuels, including both coal and natural gas, which contributes to global warming.
2. Scientists from over 130 countries now agree with 90 percent certainty that global warming is the result of human activities. The Intergovernmental Panel on Climate Change (IPCC), volume one of the Fourth Assessment Report (AR4), released on February 2, 2007 is the first comprehensive global appraisal of climate change since 2001. The AR4 reflects major advances in climate modeling and data collection compared to the IPCC's third report, resulting in more precise predictions at a higher level of confidence.
3. The State of Delaware is a member of the Regional Greenhouse Gas Initiative (RGGI) and is committed to reducing emissions that contribute to global climate change.
4. Computer projections of sea level rise show significant impacts to Delaware, especially in low-lying coastal areas in the southern two-thirds of the state.

#### Additional Comments:

1. We support the comments of the Delaware Public Advocate as submitted on May 2, 2007. To quote:

"New generation should be considered in response to adequacy concerns to deliver power to Delaware customers, diversify Delaware's fuel mix, and bring long-term environmental benefits to Delaware (See, e.g., 26 Del. C. §1007(c)(1)b.)"

"In view of the foregoing, only one bid can and should be considered, the bid submitted by Blue Water Wind.<sup>15</sup> It is the only renewable energy source that would diversify Delaware's current fuel mix of almost 90% coal and nuclear, and bring long-term environmental benefits to Delaware."
2. Delaware Audubon supports Demand Side Management measures and has testified in qualified support of Senate Bill (SB) 18, an act to amend Title 29 of the Delaware Code to create a Sustainable Energy Utility in the State of Delaware. We

also support the other legislative proposals recommended by the Sustainable Energy Task Force Report, including:

- a. SB 19, relating to the Renewable Energy Portfolio Standard (RPS). This bill would increase the required minimum percentage of electrical energy sales to Delaware end-users from renewable energy sources, create a solar set-aside, and increase the alternative compliance payment. The proposed wind energy project would help fulfill the more aggressive RPS requirements contained in SB 19.
- b. SB 35, an Act to amend Title 26 of the Delaware Code, which would double the Green Energy Fund mill rate to \$0.000356 per kilowatt-hour. This proposal results in a minimal increase in monthly electrical rates and provides substantial additional resources to support alternative energy projects.
- c. Senate Bill 8, an Act to Amend Title 26 of the Delaware Code relating to "Net Energy Metering." This bill would increase the cap on customer-sited residential and commercial renewable electric generating applications from the current limit of 25 kilowatts to 2 megawatts. This proposal would result in a larger number of participants and greater cost savings and energy conservation.

While Delaware Audubon is encouraged by and supportive of the recommendations of the Sustainable Energy Utility Task Force, we would like to add that this program does not obviate the need for additional carbon-free electrical generation. Delaware Audubon is on record as supporting the offshore wind energy proposal submitted by Bluewater Wind in response to the state RFP. We believe, as PSC staff concluded in their recommendation to the Commission, that additional generation is necessary.

7. The Independent Consultant's Interim Report to the PSC on the Integrated Resources Plan states that Delmarva Power did not consider the potential shutdown of the two older units at Indian River in the event that NRG's proposed IGCC project was not constructed. Delaware Audubon previously made this point in testimony to the PSC. Contrary to NRG's assertions, we believe the shutdown of Units 1 & 2 at the Indian River plant is inevitable if NRG is to meet the state's recently enacted multi-pollutant regulation.
8. As mentioned earlier, the recently issued fourth assessment reports of the IPCC clearly indicate the need for bold and decisive action. Only one of the three proposed projects, Bluewater Wind's offshore wind power project, is a carbon-free alternative that will put us on the road to addressing the potentially catastrophic impacts global climate change. This project also promises to provide good paying jobs and a trained workforce for the leading edge of a new industry that could be developed first in Delaware.

9. Surveys conducted by the University of Delaware indicate widespread acceptance of wind energy and suggest that the public is willing to pay more for this alternative.
10. Two independent estimates suggest that the increase in electric utility rates for the wind power project would be in the range of \$5 to \$6 per month. This amounts to inexpensive insurance when you consider the health and environmental benefits of wind energy over the two fossil fuel alternatives. The wind energy proposal offers the most stable pricing of all of the alternatives since fuel prices are fixed over time at \$0.00.
11. In a comment letter to Chairwoman McRae dated May 3, 2007, Jonathan Levy, Professor of Environmental Health and Risk Assessment at the Harvard School of Public Health, stated that “[t]he evaluation of both the Integrated Resource Plan and the Request for Proposals for new generation proceeded with only the most cursory consideration of the health impacts of the generation proposals.” Professor Levy estimates that the offshore wind energy project will avoid roughly 200 deaths over the 25-year life of the project, with a total societal benefit of over \$1 billion, along with numerous other health benefits. We hope the Commission and the other agencies deliberating on this issue will take this into consideration in making a decision.
12. DEMEC (Delaware Municipal Energy Corp), a consortium of municipalities, has entered into a long-term contract with Bluewater Wind (BWW) for the purchase of 100 million kW hours of electrical power annually over the next 20 years. This contract amounts to a vote of confidence for the BWW offshore wind energy project.
13. The recent suggestion by a state-hired consultant that Delaware create a state-run Delaware Energy Authority to build power plants and sell electricity to residential consumers would require considerable deliberation and debate and should not be a factor in the matter currently before the Commission. To be fair to the bidders in this process, the Commission and the deciding agencies need to see this process to conclusion as required by existing law and make their decision based on the record before them.

Delaware Audubon genuinely appreciates the opportunity to provide the Commission with our comments on the Generation Bid Proposals. In closing, we would like to commend the Commission and the staff for improving the transparency of this process and providing an unprecedented level of public input. While the process was extremely complicated and at times appeared illogical, the Commission and staff were able to sort through the issues and present a coherent path forward. We applaud your patience and perseverance.

Nicholas A. DiPasquale  
Conservation Chair