



DELAWARE AUDUBON SOCIETY

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BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF DELAWARE

In the Matter of the Integrated Resource Planning for the Provision of Standard Offer Supply Services by Delmarva Power & Light Company under 26 Del.C. § 1007(c) and (d): REVIEW AND APPROVAL OF THE REQUEST FOR PROPOSALS FOR THE CONSTRUCTION OF NEW GENERATION RESOURCES UNDER 26 DEL. C. § 1007(d) PSC DOCKET NO. 06-241

Delaware Audubon appreciates the opportunity to provide comment on the PSC's staff report on term sheets negotiated by Delmarva Power and Light for new power generation in Delaware. Delaware Audubon has a long history of support for energy conservation and efficiency and the use of renewable forms of energy. We offer the following:

1. The revised proposal submitted by Bluewater Wind on November 6, 2007 addresses many of the concerns raised in the staff report, Delmarva's Independent Consultant's report and the report of the Public Advocate with regard to the high potential cost to rate payers associated with the commodity escalator provisions. We recommend that a full review of the revised proposal be conducted before the Public Service Commission and the other state agencies take action on this matter.

2. Traditional utility economics fails to take into account costs imposed on society by fossil fuel energy sources. These costs include the direct health costs that result from human exposure to emissions of hazardous air pollutants from fossil fueled power plants, such as heavy metals, including lead, arsenic, chromium, and cadmium; acid mists; neurotoxins, such as mercury, and a wide variety of other pollutants. For Delaware alone, these costs run amount to three-quarters of a billion dollars over a twenty-five year period. Nor are costs associated with ecological and public health impacts and property damage that result from the extraction, processing and transportation of fossil fuels accounted for when comparing the price of electricity from fossil fuel power plants and wind energy facilities. These costs are externalized, in the first instance, to citizens of Delaware, and in the latter instance, to the citizens of other states. The use of wind energy does not result in emissions of these pollutants and externalization of the cost of health and environmental impacts.
3. Similarly, wind energy generates no carbon dioxide or other greenhouse gases that are contributing to climate change. Again, the impacts associated with fossil fuel emissions of CO₂ are externalized and not reflected in the true cost of coal in generating electricity, which makes any comparison of rates between wind energy and fossil fueled power plants invalid.
4. The use of natural gas price data from the U.S. Energy Information Agency which essentially flat lines natural gas prices for the next 25 years is thoroughly fallacious and inappropriate. Only the wind energy proposal, as revised, results in long term stable electricity prices and satisfies the provisions of HB 6.
5. The use of a natural gas backup plant is totally unnecessary, results in higher overall costs for the project and should be eliminated.
6. The so called Independent Economic Assessment prepared by Pace contains a disclaimer that reads in part as follows: “This Report and the information and statements herein are based in whole or in part on information obtained from various sources as of November 8, 2007. While Pace believes such information to be accurate, it makes no assurances, endorsements or warranties, express (*sic*) or implied, as to the validity, accuracy or completeness of any such information, any conclusions based thereon, or any methods disclosed in the Report. Pace assumes no responsibility for the results of any actions and inactions taken on the basis of this Report. By a party using, acting or relying on this Report, such party consents and agrees that Pace, its employees, directors, officers, contractors, advisors, members, affiliates, successors and agents shall have no liability with respect to such use, actions, or inactions.” Delaware Audubon submits that this report is only as good as its disclaimer.
7. The Pace report does not clearly state its assumptions or define its methodologies and the reader is left only to imagine on what basis it derives its conclusions. If the Public Service Commission is to rely on any aspect of this Report, it should require Pace to provide all such assumptions and methodologies to the parties to this

proceeding and to the general public and allow a period for review and comment for the record prior taking any action.

8. Given the recent increases in the per barrel price of oil and energy in general, it is not reasonable to assume, as the Independent Consultant has, that the Renewable Production Tax Credit (PTC) will not be reauthorized.
9. The demand for Renewable Energy Credits and the increasing number of states that have passed or are considering the adoption of Renewable Portfolio Standards suggests that the demand for alternative forms of energy, such as wind power, will be significantly greater than that estimated by the IC.
10. Delmarva Power & Light has not negotiated in good faith and has aggressively sought to undermine Bluewater Wind's proposal through deceptive ads, legislative lobbying and the use of surrogates, such as the state Chamber of Commerce, to spread half truths and innuendo about Bluewater Wind and its project partners.

Delaware Audubon appreciates the opportunity to comment on this important matter. In light of the revised proposal submitted by Bluewater Wind on November 6, 2007 which eliminated the objectionable escalator provisions from the term sheets, we recommend that the Public Service Commission and the other deliberating agencies order Delmarva Power & Light to move forward with the development and execution of a long-term Power Purchase Agreement (PPA) with Bluewater Wind for its offshore wind energy project. We further recommend that the provisions for a natural gas backup plant be eliminated to reduce the cost of this project to the rate paying citizens of Delaware.

Most sincerely,

\S\ NICHOLAS A. DIPASQUALE

Nicholas A. DiPasquale
Conservation Chair

pc: Delaware Audubon Board of Directors