



# ***Wind Power for Delaware At What Cost?***

# Renewable Energy – A Requirement for Delaware

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- In 2007, the General Assembly amended a law that requires Delmarva Power to purchase renewable (green) energy for its customers from anywhere in the region – we supported this legislation!
  - The requirement is to have 20% of the energy that Delmarva Power delivers to its Delaware customers come from renewable sources by 2019
  - The price of renewable energy is a premium compared to fossil fuels – Delmarva Power’s goal is to purchase the least cost renewable energy for its customers
  - Wind power will be a major source of our renewable energy

# Costs – Land-Based (Onshore) Wind vs. Offshore Wind

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- Land-based (onshore) wind power is approximately **50%** cheaper than offshore wind power
- The savings to Delmarva Power's customers for land-based wind power compared to the Bluewater Wind offshore wind farm is about **\$80 million** per year
  - This is based on actual bids for both options
- This amounts to **\$240 saved per customer per year**

# Offshore Wind Power is a Risky Experiment

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- There are no offshore wind farms in the United States
- There is no federal permitting process
- Land-based wind power is mature in the United States and well developed
  - Currently close to 17,000 MW of operating capacity in the United States and growing quickly
  - Today, land-based wind installations produce enough electricity on a typical day to power the equivalent of almost 4.5 million homes

# What's Wind Power's Impact on Fossil-Fuel Power Plants?

- The environmental benefit of wind power comes from displacing the needs of fossil fuel power plants across the region
- Based on expert testimony by the regional grid operator (PJM) offshore wind and land-based wind will have **the same impact** on power plants in our region
- Neither wind farm will have much of an impact on any one power plant in Delaware, but instead will slightly reduce the operation of many plants in the regional grid
- We will be buying **both energy and renewable energy credits**, exactly like the Bluewater Wind proposal
- **The resulting environmental and health benefits of land-based and offshore wind are the same**

# What about Bluewater Wind's Job Promise for Delaware?

- A leading economist for Delaware, Prof. Edward Ratledge, testified that the high costs of Bluewater Wind's proposal will result in a net loss of jobs for Delaware over the 25-year term
  - Why? Bluewater Wind's proposal will cost Delmarva Power's electric customers \$80 million more each year compared to the costs of land-based wind
  - This high cost premium will impact electricity prices and disposable income offsetting any promise of jobs and resulting in a net job loss
- Since land-based wind costs less, Delaware consumers will save over \$80 million more each year compared to Bluewater Wind's proposal
  - Land-based wind power will keep more money in the pockets of Delaware's consumers, keeping the State's economy strong

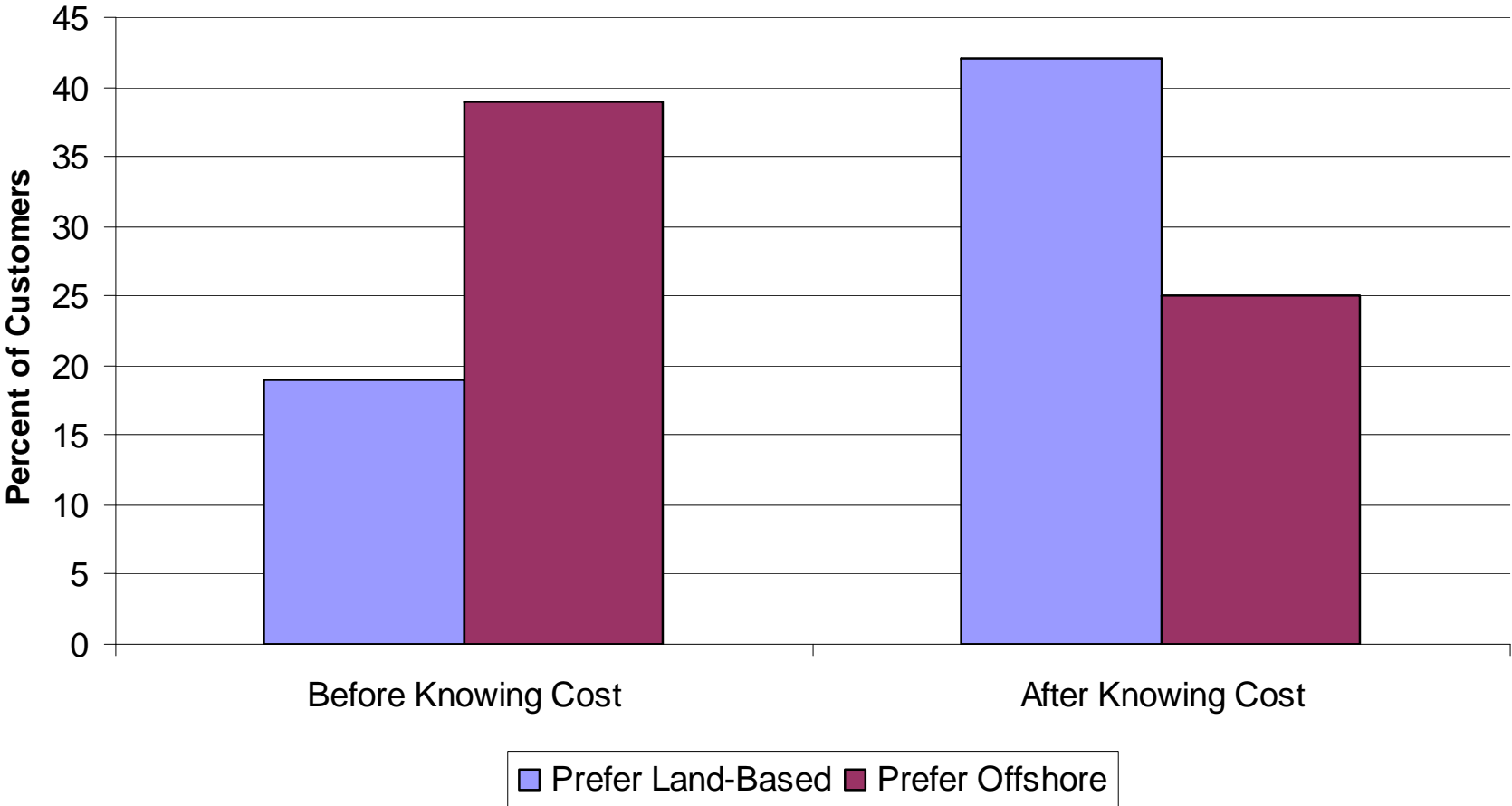
# Many Support a Better Way to Wind for Delaware

- **Delmarva Power Customers**
  - Those surveyed prefer land-based wind because it's less expensive and more proven
- **International Brotherhood of Electrical Workers (Locals 1238, 1307, & 2201)**
  - Believes the above-market cost of Bluewater Wind's project will have detrimental impact and opposes Delmarva Power's customers absorbing those costs
- **Delaware Electric Cooperative and 11 other Regional Utilities**
  - Asked to join our search for land-based wind because it's affordable for their customers
- **The Delaware State Chamber of Commerce**
  - Committed to free markets and believe that one business should not be forced to do business with another
  - Believes that renewable energy should be purchased in a competitive manner assuring the lowest cost for Delaware's electric customers
- **The New Castle County Chamber of Commerce**
  - Committed to an open and competitive marketplace
  - Believes that flexibility and competition will allow for lower rates and should not mandate a single course of action
- **The Senate Energy & Transit Committee**
  - Final report concluded land-based wind and other renewable resources are a better solution
- **Delaware Public Advocate**
  - Believes that the Bluewater Wind proposal places a much too heavy burden and too many risks on Delmarva Power's customers

# Delmarva Power's Customers Prefer Land-Based Wind



A PHI Company



Source: Customer Survey from late 2007 (Some customers did not state a preference)

# What is Delmarva Power's Responsibility to its Customers?

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- Pursue the least cost energy supply, including renewable energy, for its customers
- Follow the requirements of Delaware's renewable energy laws
- Protect the environment by helping our customers reduce their overall energy usage
- Aggressively represent the interests and concerns of our customers before the Delaware Public Service Commission and General Assembly

# What's the Future for Offshore Wind Power?

- We believe there is a future for offshore wind in the United States once the costs become more competitive
- It should be piloted in a way that spreads the cost across as many consumers as possible
- New Jersey has developed a process that:
  - Does not require forcing certain customers into long-term contracts to pay for an offshore wind project
  - Shares the cost fairly across the state of New Jersey
  - Has resulted in five bidders aggressively competing (including Bluewater Wind)
- We also believe Delaware should work with neighboring states for a regional approach to explore offshore wind, minimizing the cost impact to any one group of customers

# Thank You! Questions?

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