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Opinion

The other side of the DP&L/Bluewater argument

It's hard to blame Delmarva Power & Light (DP&L) residential customers for looking at the company's current stalemate with Bluewater Wind through the filtered lens of their electric bills.

Those customers, who represent 30 percent of Delaware's total power usage, saw a 59 percent rate hike in 2006, when rate caps came off, and recently saw headlines about DP&L dropping another $4.7 million on them, which was said to have been used "exploring alternative, renewable energy options."

Taking a step or two back and looking at the situation with softer eyes, however, starts to bring a larger picture into focus.

In 2003, when power rate caps had been in place for three years, DP&L was preparing for a merge with two other companies. As a condition of the merger, DP&L was required to keep the rate caps in place through '06. Soon after, the U.S. entered into the war in Iraq, and oil and fuel prices began to climb toward their current levels, leaving DP&L in a very difficult situation, stuck under the rate caps with their costs rising exponentially.

In 2006, the General Assembly took steps to address the state's long-term energy needs, passing House Bill 6, aimed specifically at electricity distributors like DP&L, and requiring them to work up their own sort of comprehensive plan with an eye to the future, as well as put out requests-for-proposals for a new electricity-generating facility to be built in-state.

In 2007, the legislature passed Senate Bill 19, which requires that 20 percent of all the power in Delaware be generated by clean, renewable sources.

The problem, according to DP&L President Gary Stockbridge, is that while commercial and municipal power purchasers essentially have free reign to explore whatever clean, renewable power source seems best, DP&L is being pressured to enter into a deal that may not be the best for its customers, Stockbridge said.

"We agree with a lot of the things that Bluewater [officials] say," Stockbridge said. "But our customer base, which represents 30 percent of the state, will bear the full cost of the Bluewater project. They're not making the [Delaware Electric] Co-Op buy in, not the municipalities… for us, it's an issue of fairness."

Stockbridge's point – and it's definitely valid – is that if the state wants 20 percent of its total energy generated via clean, renewable sources, why not spread the cost across the state's energy providers, rather than doubling down and smacking DP&L customers with what Stockbridge said could be an increase between $17 and $22 per month?

“Our residential customer base is largely fixed-income and low-income,” said DP&L Spokesman Matt Likovich. “That’s a lot to ask of them.”

In the meantime, DP&L is awaiting proposals, to be reviewed and released around mid-March, for other alternative energy portfolios including on-shore wind, which trades less wind for fewer construction, operational and maintenance costs.

In spite of ever-increasing power bills hitting our mailboxes, we have to side with Stockbridge on this one. The economic and political equivalent of “the perfect storm” hit DP&L and its customers, and while Bluewater’s proposal may bring jobs to the state – and there’s certainly no guarantee that it won’t attract people from out-of-state – it will do so to the potential detriment of folks already here, whose power bills may continue to rise.

– Patrick Varine, editor

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