

**CITY OF NEWARK
DELAWARE
CITY COUNCIL
PUBLIC HEARING
NOTICE**

January 25, 2021 - 7:00 P.M.

Pursuant to Section 402.2 of the City Charter of the City of Newark, Delaware, notice is hereby given of a public hearing at a regular meeting of the Council to be held virtually via the GoToMeeting platform, on Monday, January 25, 2021 at 7:00 p.m., at which time the Council will consider for Second Reading and Final Passage the following proposed Ordinance:

Bill 21-01 An Ordinance Amending Chapter 11, Electricity, Code of the City of Newark, Delaware, By Creating an Option for the Purchase of 100% Renewable Energy

Due to the COVID-19 State of Emergency, the City is conducting its public meetings online via the GoToMeeting Platform. Information regarding accessing GoToMeeting for the January 25, 2021 Council meeting will be posted as part of the agenda seven days in advance of the meeting at <https://newarkde.gov/meetings>.

Renee K. Bensley, CMC
City Secretary

Advertised: **The News Journal** – January 15, 2021
 Newark Post – January 22, 2021

BILL NO. 21-01
1st Reading: 01/11/2021
2nd Reading: _____

CITY OF NEWARK
DELAWARE

ORDINANCE NO. 21-__

An Ordinance Amending Chapter 11, Electricity, Code of the City of Newark, Delaware, By Creating an Option for the Purchase of 100% Renewable Energy

THE COUNCIL OF THE CITY OF NEWARK HEREBY ORDAINS:

That Chapter 11, Electricity, Code of the City of Newark, Delaware, be hereby amended in the following respects:

AMENDMENT 1. Amend Section 11-2, Residential service rate – RS, by adding the underscored text as follows as a new subsection (f):

- “(f) 100% renewable energy fee.
- (1) All new RS accounts created after May 31, 2021 shall be automatically enrolled into the 100% renewable energy program and charged the associated 100% renewable energy fee as outlined in section 11-22.
 - (2) All existing RS accounts may choose to enroll in the 100% renewable energy program and be charged the associated 100% renewable energy fee as outlined in section 11-22.”

AMENDMENT 2. Amend Section 11-3, General service rate – GS, by adding the underscored text as follows as a new subsection (i):

- “(i) 100% renewable energy fee.
- (1) All new GS accounts created after May 31, 2021 shall be automatically enrolled into the 100% renewable energy program and charged the associated 100% renewable energy fee as outlined in section 11-22.
 - (2) All existing GS accounts may choose to enroll in the 100% renewable energy program and be charged the associated 100% renewable energy fee as outlined in section 11-22.”

AMENDMENT 3. Amend Section 11-3.1, General service demand rate – GSD, by adding the underscored text as follows as a new subsection (i):

- “(i) 100% renewable energy fee.
- (1) All new GSD accounts created after May 31, 2021 shall be automatically enrolled into the 100% renewable energy program and charged the associated 100% renewable energy fee as outlined in section 11-22.

- (2) All existing GSD accounts may choose to enroll in the 100% renewable energy program and be charged the associated 100% renewable energy fee as outlined in section 11-22.

AMENDMENT 4.

Amend Section 11-4, Service classification "P" – Large light and power service, by adding the underscored text as follows as a new subsection (m):

"(m) 100% renewable energy fee.

- (1) All new Service classification "P" accounts created after May 31, 2021 shall be automatically enrolled into the 100% renewable energy program and charged the associated 100% renewable energy fee as outlined in section 11-22.
- (2) All existing Service classification "P" accounts may choose to enroll in the 100% renewable energy program and be charged the associated 100% renewable energy fee as outlined in section 11-22.

AMENDMENT 5.

Amend Section 11-4.01, Service classification "U" – Large light and power service, by adding the underscored text as follows as a new subsection (o):

"(o) 100% renewable energy fee.

- (1) All new Service classification "U" accounts created after May 31, 2021 shall be automatically enrolled into the 100% renewable energy program and charged the associated 100% renewable energy fee as outlined in section 11-22.
- (2) All existing Service classification "U" accounts may choose to enroll in the 100% renewable energy program and be charged the associated 100% renewable energy fee as outlined in section 11-22.

AMENDMENT 6.

Amend Section 11-4.02, Service classification "UD" – Large light and power service, by adding the underscored text as follows as a new subsection (o):

"(o) 100% renewable energy fee.

- (1) All Service classification "UD" accounts may choose to enroll in the 100% renewable energy program and be charged the associated 100% renewable energy fee as outlined in section 11-22.

AMENDMENT 7.

Amend Section 11-4.03, Service classification "ED" – Economic development, by adding the underscored text as follows as new subsection (h) and (i):

"(h) Green energy fee. A minimum charge of \$0.000356 per kwh shall be added to all billings in accordance with state statutes.

(i) 100% renewable energy fee.

- (1) All new Service classification "ED" accounts created after May 31, 2021 shall be automatically enrolled into the 100% renewable

energy program and charged the associated 100% renewable energy fee as outlined in section 11-22.

- (2) All existing Service classification "ED" accounts may choose to enroll in the 100% renewable energy program and be charged the associated 100% renewable energy fee as outlined in section 11-22."

AMENDMENT 8.

Add a new Section 11-22, 100% Renewable energy program, by adding the underscored text as follows:

"Sec. 11-22 – 100% Renewable energy program

- (a) The City will establish a renewable energy program that provides an option for the City's electric customers to choose 100% renewable energy as their power supply. This program will use Renewable Energy Credits (RECs) which will be retired on the customer's behalf.
- (b) All RECs used for this program shall come from a combination of wind, solar, and other eligible energy resources as defined in §352, Title 26 of the Code of the State of Delaware. RECs will be purchased in accordance with our full-requirements electric supply contract with Delaware Municipal Electric Corporation (DEMEC).
- (c) Absent a specific recommendation on sourcing preference hierarchy from the Conservation Advisory Commission (CAC), Renewable Energy Credits purchased and retired through the 100% renewable energy program should be made from the following sources, in descending order of preference, to the extent practicable as determined by the City Manager taking into consideration the guidelines outlined in Section 11-22(d):
- (1) Generation from City of Newark owned assets
 - (2) Generation from DEMEC member communities
 - (3) Generation from Delaware municipalities
 - (4) Generation from within the State of Delaware, including its coastal waters
 - (5) Generation from within the States of Maryland, Pennsylvania, and New Jersey, including the coastal waters of each state.
 - (6) Generation from within the PJM Market
 - (7) Other grid-interconnected sources
- (d) The City Manager shall, in consultation with the Director of Finance, set the 100% renewable energy rate annually or as often as necessary to recover costs, but no more frequently than once per month. When calculating program costs, the City Manager should consider the following:
- (1) The selected rate should cover the cost of the program including REC purchase price and reasonable program administration costs.

- (2) An operating reserve for the program should be established in accordance with the City's financial policies to buffer fluctuations in the cost of RECs and demand.
- (3) No cost associated with Municipal Renewable Portfolio Standards (MRPS) compliance should be included as a program cost.
- (4) REC Purchases should be made in a way to provide long-term rate stability and predictability for program participants.
- (5) Revenue generated through this program above that necessary to cover program costs and associated operating reserve shall be returned to customers of the program.
- (6) Deviations from the source hierarchy outlined in Section 11-22(c) are permitted when determined by the City Manager, in consultation with the Director of Finance and DEMEC, to be in the best interest of the City's ratepayers.

- (e) The City shall prepare a form, either paper or digital, to be used for customers to officially enter or exit the program. Upon receipt of an official request, the customer will be enrolled in or disenrolled from the program no later than 30 days from the date the City receives the completed form.
- (f) The City will make readily available aggregated statistics and a breakdown of the generation source for RECs included in the 100% renewable energy program.
- (g) The 100% renewable energy program described in Section 11-22 will be established and available for customer enrollment by no later than June 1, 2021."

MOTION for Acceptance as First Reading on January 11, 2021

by Council Member Lawhorn.

Second Reading and Final Passage on _____, 2021.

VOTE: __ to __.

Mayor

Attest:

City Secretary

Approved as to Legality & Form:

City Solicitor



**CITY OF NEWARK
DELAWARE**

January 13, 2021

To: Honorable Mayor & Council
From: Tom Coleman, City Manager *TC*
Subject: Conservation Advisory Commission Recommended Revisions to Bill 21-01

BACKGROUND

The Conservation Advisory Commission (CAC) reviewed Bill 21-01 at their January 12th meeting ahead of the January 25th second reading and public hearing. During their meeting, the CAC made a few recommendations for modifications to language to the bill that they felt would help clarify the legislative intent. In reviewing their suggestions, I agree that their recommended revisions add value to the bill. The City Solicitor has reviewed the recommended changes and has provided an opinion that the revisions are minor and will not require a first and second reading to incorporate into Bill 21-01.

The CAC voted unanimously to support Bill 21-01 during the January 12th meeting.

PROPOSED REVISIONS

The CAC recommended modifications to three sections of the bill outlined below:

Revision 1: Replace “coastal waters” with “entire exclusive economic zone” in Amendment 8.

- (c) Absent a specific recommendation on sourcing preference hierarchy from the Conservation Advisory Commission (CAC), Renewable Energy Credits purchased and retired through the 100% renewable energy program should be made from the following sources, in descending order of preference, to the extent practicable as determined by the City Manager taking into consideration the guidelines outlined in Section 11-22(d):
- (1) Generation from City of Newark owned assets
 - (2) Generation from DEMEC member communities
 - (3) Generation from Delaware municipalities
 - (4) Generation from within the State of Delaware, including its **entire exclusive economic zone coastal waters**
 - (5) Generation from within the States of Maryland, Pennsylvania, and New Jersey, including the **entire exclusive economic zone coastal waters** of each state.
 - (6) Generation from within the PJM Market
 - (7) Other **grid-interconnected sources in the Eastern Interconnection Zone**

Revision 2: Provide 30 days' notice before rate increases in Amendment 8.

- (d) The City Manager shall, in consultation with the Director of Finance, set the 100% renewable energy rate annually or as often as necessary to recover costs, but no more frequently than once per month. Rate increases shall be announced publicly at least 30 days before the effective date of the rate increase. When calculating program costs, the City Manager should consider the following:

Revision 3: Clarify that costs above between minimum MRPS compliance and the City's baseline renewable portfolio will also not be included as an expense of the 100% renewable program in Amendment 8.

- (3) No cost associated with the City's baseline ~~Municipal~~ Renewable Portfolio ~~Standards (MRPS) compliance~~ should be included as a program cost.

RECOMMENDED MOTION

I move City Council adopt Bill 21-01, with all revisions circulated and recommended by the CAC.



**CITY OF NEWARK
DELAWARE**

TO: Mayor and Council

FROM: Conservation Advisory Commission

SUBJECT: Bill 21-01 – An Ordinance Amending Chapter 11, Electricity, Code of the City of Newark, Delaware, By Creating an Option for the Purchase of 100% Renewable Energy

DATE: January 13, 2021

The Conservation Advisory Commission enthusiastically recommends that City Council accept the new, exemplary 100% Renewable Energy Program ordinance. The ordinance represents a terrific path forward for citizens to voluntarily and meaningfully contribute to the reduction of the City's carbon footprint. The ordinance aligns with and advances the City's new Sustainability Plan's goal of the City purchasing 100% renewable energy. We also like the fact that citizens could opt out of the program if they wish to do so. We have provided the City Manager with our feedback about the new ordinance. We commend all the stakeholders who contributed to this innovative new ordinance - citizens who asked about buying 100% renewable, the City Manager's Office, the Finance Director's Office, CAC and the Council.

Sheila Smith, Chair
Conservation Advisory Commission

/ns

cc: Tom Coleman, City Manager



**CITY OF NEWARK
DELAWARE**

December 28, 2020

To: Honorable Mayor & Council

From: Tom Coleman, City Manager *TC*
David Del Grande, Finance Director *DD*

Subject: An Ordinance Amending Chapter 11, Electricity, Code of the City of Newark, Delaware, By Creating a 100% Renewable Energy Program

BACKGROUND

Throughout 2017, 2018, and 2019, the Sustainable Newark steering committee developed the Newark Sustainability Plan which was adopted by Council in November, 2019. Theme 1 of the sustainability plan outlines several goals and action items to respond to climate change. Item C of Goal 1.1 specifies that Newark should "Evaluate opportunities to purchase Renewable Energy Credits (RECs) to provide 100% renewable electrical power to the City's Customers."

Goal 1.1.D specifies that in accomplishing goal 1.1.C, we should avoid double charging or double counting RECs in coordination with meeting the state mandated Municipal Renewable Portfolio Standards (MRPS) renewable power minimums and that the City should transparently communicate with our customers regarding tracking and retiring the environmental attributes of our renewable power portfolio. We believe that Bill 21-01 achieves these goals in a way that allows for implementation flexibility and customer choice.

BILL SUMMARY

Bill 21-01 creates a new, optional, 100% renewable energy fee for all electric customer classifications. The new rate will be the default for all new, electric accounts that are not subject to the Electric Service Agreement (ESA) with UD. All existing accounts, including those in the ESA, will have the opportunity to opt into this program. For reference, the City currently serves 12,606 electric accounts. Of those accounts, 26 are in the ESA. ESA accounts make up around 35% of the City's total annual electric use in kilowatt-hours (kWh). The fee will be set on a dollar per kWh basis like the green energy fee. Revenues from this fee will be used to purchase RECs of sufficient quantity to cover all usage from accounts that participate in the program. The RECs will then be retired on behalf of those customers. New customers opting out and existing customers opting into the program will need to do so on forms prepared and provided by the City, and they can make that decision at any time.

due to the requirement to have the program in place before the majority of our rental terms expire after spring semester. Allowing existing customers to opt-into the program lets our customers control their power supply and make a decision that aligns with their values, and wallet. We also believe this program will be an asset when recruiting businesses that have their own sustainability goals which we would have had difficulty meeting otherwise.

RECOMMENDED MOTION

I move that City Council adopt Bill 21-01 as presented.

ATTACHMENTS

Bill 21-01

Newark Sustainability Plan: <https://newarkde.gov/1067/Newark-Community-Sustainability-Plan>
Compliance Year 19-20 MRPS Compliance Report



DEMEC

Delaware Municipal Electric Corporation

22 Artisan Drive, PO Box 310, Smyrna, Delaware 19977 Phone 302 653-2733 Fax 302 653-2734

October 1, 2020

EMAIL DELIVERED

City of Newark Council
Attn: Tom Coleman, City Manager
220 South Main Street
Newark, DE 19711

RE: Submittal of the Municipal Electric Utilities Renewable Portfolio Standard Compliance Report for the 2019-2020 program year

Dear Councilmembers,

The Delaware Municipal Electric Corporation has completed the administration of the Municipal Electric Utilities Renewable Portfolio Standard for the 2019-2020 program year on behalf of all eight of our Municipal Electric Utilities. As per state statute, we submit to your local regulatory body a copy of the Municipal Electric Utilities Renewable Portfolio Compliance Report for your records.

If you have any questions or would like to discuss the plan in further detail, please feel free to contact me.

Patrick McCullar

Patrick E. McCullar
President & CEO

cc: Delaware General Assembly
Dayna Cobb, Delaware Energy Office, Director

Serving and representing the communities of
Clayton, Dover, Lewes, Middletown, Milford, New Castle, Newark, Seaford and Smyrna

Delaware Renewable Portfolio Standard Background

The Renewable Portfolio Standard (“RPS”) is a State-mandated policy that obligates each retail seller of electricity to include in its resource portfolio annually increasing amounts of electricity from Qualifying Renewable Energy Resources through 2025 and beyond. The municipal electric utilities were exempted from the RPS requirements prior to 2010.

In 2010 DEMEC and its members responded to a request from Delaware Governor Jack Markell by voluntarily joining the Delaware RPS under S.S. 1 for S.B. 119. The bill provided, among other things:

- Increasing the RPS target to 25% by 2025 with at least 3.5% from solar sources.
- Allowed municipal electric companies to develop and implement a comparable program to the State Renewable Energy Portfolio Standard for its ratepayers beginning in the 2013 Compliance Year (6/1/2013-5/31/2014).
- Provided a method to freeze the RPS compliance obligations for utilities if costs exceed “circuit breakers” of 3% of the total cost of purchased power for Renewable Energy Credits (RECs) and 1% for Solar Renewable Energy Credits (SRECs) in any calendar year.

DEMEC Renewable Energy Commitments

In developing a comparable plan, DEMEC evaluated its accomplishments and commitments regarding investments in renewable energy. DEMEC has invested in the development of a portfolio of qualifying renewable energy resources to achieve the lowest possible compliance cost to protect its ratepayers from unreasonable and burdensome impacts on their cost of electricity. DEMEC’s goal is to comply with the spirit of the Delaware RPS without creating a negative impact on the community ratepayers or the Delaware economy.

Non-Solar:

- DEMEC has committed to purchase all the renewable electricity and associated RECs from a wind farm (Laurel Hill) in north-central Pennsylvania under a 25-year agreement. Laurel Hill is a 69-megawatt (69-MW) wind generation facility consisting of 30 Siemens wind turbines, each capable of generating 2.3 MW. Laurel Hill can generate enough electricity to power more than 20,000 homes.
- DEMEC’s service territory is home to the only significant wind generation system installed in the State of Delaware; the utility-scale 2-megawatt (2-MW) wind turbine located at the University of Delaware’s (“UD”) Hugh R. Sharp Campus in Lewes. RECs generated by the University of Delaware’s wind turbine are purchased by DEMEC through an agreement. The proceeds support wind and intermittent renewable energy graduate student research fellowship(s) in the University’s College of Earth, Ocean, and Environment (CEOE).

panel array produces enough electricity to power approximately 26 to 36 homes, depending on the season.

2. **Newark – opt-in program** - DEMEC also conceived and proposed to the City of Newark the State of Delaware's first opt-in community solar program. This program was approved by Newark City Council on June 23, 2014 to launch programs to promote community involvement in the solar park. There are several program participation options such as: "Sun Ray" in which subscribers have the opportunity to make a one-time investment of \$50 in return for a monthly rebate of \$1.00 and the opportunity to purchase one (1), 100 kilowatt-hour block of power generated from McKees Solar Park each month for ten years. Participants can also select from a variety of a tax-deductible donation options to support the solar park and be recognized on the City's website. DEMEC's Community Solar Model for the City of Newark has been recognized **twice** by the national solar industry trade group, Solar Energy Power Association (SEPA), as a leading program design for increasing access to solar energy to the public. DEMEC intends to help its members replicate this unique model.
3. **Clayton - 4.0 kW project** – went commercial 2Q/2015. This project is installed on the local Clayton firehouse to not only green the new building, but it also serves to reduce community taxes that pay for this critical infrastructure. The system generates electricity equivalent to saving 9 barrels of oil annually.
4. **New Castle - 29.0 kW project** – went commercial 3Q/2016. This project was designed to fit in within a unique municipality. The historical nature of the community limits placement so the facility was located near the local water treatment facility near the Penn Farm. It represents the successful combination of the historic feel with new technology. The system generates electricity equivalent to saving 2,000 gallons of gasoline annually.
5. **Seaford – ~690 kW project** – went commercial 1Q/2017. This project provides power to the local water treatment plant and benefits the community by reducing municipal expenses. The system generates electricity equivalent to 60 homes annual electric use.
6. **Smyrna - ~1.5 MW project** – went commercial 3Q/2018. This project meshes efficiency with renewables. Space in municipalities is at a premium so making smart choices is important. This project utilizes land surrounding a retention pond which has little otherwise use. By efficient land use, Smyrna is adding more solar to the community while also preserving open lands for economic development. The system generates electricity equivalent to removing 239 passenger cars from road.

Several other DEMEC communities are working toward installing their own community solar projects in various tiers:

- Middletown and Lewes are considering initial concept designs for their own community solar projects

DEMEC will continue to concurrently support community interest, low-income participation, and meet its RPS obligation by investing in member community solar projects.

Tier 4 – Utility Scale

DEMEC recognized early on that the legislative circuit breakers for photovoltaics would be hit and freeze the solar portion of the municipal RPS plan within a few years if the compliance costs were not carefully managed. In order to avoid hitting the legislative circuit breakers prematurely and to assure that we did not unreasonably increase the cost of electric service to our municipal ratepayers, DEMEC chose to invest a significant portion of its RPS-dedicated funds in large-scale solar facilities. To prevent a negative impact on the Delaware economy from the cost of RPS compliance,

MRPS 2019/2020 Compliance Goal

For compliance year 2019/2020, DEMEC set and achieved a **17.98%** compliance goal. DEMEC's **17.98%** compliance goal matches the state's schedule for 2019/2020 (Delmarva Power & Light's compliance target) while utilizing solar cost cap protections as permitted by regulation.

- The renewable energy sources used for REC compliance are the 69 MW Laurel Hill Wind Farm in Lycoming, Pennsylvania and 2.0 MW UD Wind Turbine in Lewes, Delaware.
- The solar renewable energy sources used for SREC compliance are:
 - the Dover Sun Park
 - the Milford Solar Facility
 - the Seaford Solar Project
 - the Newark McKees Run Community Solar Facility

Municipal Renewable Energy 2019/2020 Compliance Year REC and SREC Retirements		
Municipality	Total Solar SRECs Retired (Cost Capped Percentage 0.98%*)	Total RECs + SRECs Retired (Cumulative Percentage 17.98%**)
New Castle	476	9,896
Newark	1,760	32,081
Middletown	1,355	18,393
Smyrna	656	13,175
Clayton	171	3,060
Milford	949	17,575
Seaford	686	13,056
Lewes	463	10,337
Total	6,516	117,573
<p><i>*DEMEC members reached the solar 1% compliance cost limit also known as the "circuit breaker" and elected to stop increasing their solar portfolio percentage per 26 Del. C. § 363(g).</i></p> <p><i>** Cumulative Percentage Includes the RECs from Eligible Energy Resources and Includes the Cost Capped SRECs from Solar Photovoltaics</i></p>		