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October 21, 2024

Via Electronic Filing

Ms. Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building, 2nd Floor
400 North Street
Harrisburg, PA 17120

**Re: Duquesne Light Company - Default Service Plan IX
Compliance Filing re Solar Power Purchase Agreement
Docket No. P-2020-3019522**

Dear Secretary Chiavetta:

Pursuant to the Pennsylvania Public Utility Commission's ("Commission") Order entered January 14, 2021, at the above-captioned docket, please find enclosed Duquesne Light Company's ("Duquesne Light" or the "Company") compliance filing to implement the procurement of certain energy and solar Alternative Energy Credits ("SAECs") from a solar generation facility in Pennsylvania ("Solar Generator") sponsored by PG Solar, LLC ("PG Solar"). This compliance filing comprises:

- Exhibit A, a **CONFIDENTIAL** power purchase agreement between the Company and PG Solar ("Solar PPA");
- Exhibit B, a **CONFIDENTIAL** opinion letter from Charles River Associates ("CRA") concerning the Solar PPA procurement process and results;
- Exhibit C, the **CONFIDENTIAL** bid scoring matrix that CRA used in the Solar PPA procurement process;
- Exhibit D, an illustrative example of ratemaking treatment of Solar PPA costs and revenues

The Company respectfully requests that the Commission approve the Solar PPA. The Company requests that the Commission apply the provisions of 52 Pa. Code § 5.592(c) with respect to any comments filed in response to this filing such that comments, if any, are due within 10 days of this filing and reply comments, if any, are due within five days thereafter.

I. Background

The Solar PPA implements a component of the Company's Default Service Plan IX ("DSP IX"). As part of its initial DSP IX proposal, the Company requested Commission approval to conduct a competitive procurement for a long-term solar PPA, with a term of four to 20 years, to support a utility-scale solar project of up to 7MW in Pennsylvania. The Company explained that it would use the SAECs acquired through such PPA to meet a portion of its Alternative Energy Portfolio Standards ("AEPS") requirements, and to sell the remaining attributes into the PJM market, and credit the resulting revenues back to default service customers.¹ The Commission approved the Company's proposal as part of its January 14, 2021 Order approving DSP IX. On April 5, 2022 the Company filed for approval of a solar PPA with Pine Gate Renewables, LLC. The Commission approved the PPA for 7 MW on May 20, 2022. The Pine Gate Renewables deal fell through due to an issue with obtaining mineral rights. In 2023, the Company conducted a second competitive procurement for additional long-term solar energy and credits. Consistent with the Order, the Company is hereby filing the second Solar PPA for the Commission's review and approval.

II. Procurement Process

The Company procured the Solar PPA through a competitive request for proposals ("RFP") process, consistent with the requirements of Act 129.² The Company retained an independent third party, Charles River Associates ("CRA"), to assist in the development, administration, and evaluation of the RFP. The Company also uses CRA to oversee its solicitations for other default supply products. CRA's background is briefly summarized at pp. 1-2 of **CONFIDENTIAL** Exhibit B.

The Company and CRA first jointly developed the general structure of the RFP, including requirements for bidders, a pro forma solar PPA term sheet, informational materials and website, and a bid scoring matrix. The scoring matrix, which is provided as **CONFIDENTIAL** Exhibit C, provided for bids to be awarded up to 100 points.

CRA issued the RFP on June 26, 2023, providing a proposal due date of September 6, 2023. CRA administered several pre-bid activities during the period July 11 through September 6, 2023, including a bidder information session, bidder registration and pre-qualification processes, and proposal intake. Four bidders ultimately submitted proposals supported by ten projects. Several bidders submitted proposals for multiple projects, and/or included multiple contract options for the same project. No affiliates of the Company participated in the RFP. The RFP process is described in further detail at pp. 3-6 of **CONFIDENTIAL** Exhibit B.

CRA scored all qualifying proposals according to the pre-established scoring matrix described above. The Company did not participate directly in proposal scoring. A summary of bid results is provided at **CONFIDENTIAL** Exhibit B, p. 7. CRA recommended that the remaining top two scored proposals be advanced for further consideration by the Company. *See* **CONFIDENTIAL** Exhibit B, p. 7. The winning bidder selected by DLC was IMG Solar, LLC. IMG Solar LLC owns a subsidiary, PG Solar, which owns the existing solar array at the Pittsburgh International Airport, and is the party that signed the ground lease at the airport for the second phase covered by this PPA. The Company thereafter engaged in arms-length

¹ See Docket No. P-2020-3109522, Direct Testimony of C. James Davis, Duquesne Light St. No. 1, pp. 13-17.

² 66 Pa. C.S. 2807(e)(3.1).

negotiations with PG Solar, the sponsor of the top-scoring proposal (via IMG Solar, LLC.), to arrive at the Solar PPA.

III. Solar Generator and Solar PPA Key Terms

The Solar Generator is a new 4.7-megawatt (MW) solar photovoltaic expansion of an existing facility to be located at the Pittsburgh International Airport, inside the Company's service territory. It is presently under development. Construction is scheduled to begin in 2nd Quarter 2026, with a target in-service date of June 1, 2027.³ The project will interconnect to Duquesne Light transmission facilities pursuant to an Interconnection Agreement.

The Solar PPA is provided as **CONFIDENTIAL** Exhibit A. It provides for the Company to purchase 100% of the Solar Generator's total energy and SAEC output (i.e., corresponding to nameplate capacity of 4.7MW worth of the full energy and SAEC output of the 4.7MW facility), estimated at about 8,018.1 MWh per year. See **CONFIDENTIAL** Exhibit A, "Exhibit C—Expected Generation." The price per MWh of energy plus SAEC is indicated in the Solar PPA at **CONFIDENTIAL** Exhibit A, p. 5, "Energy Price." The Company believes this price is highly competitive.

As indicated above, the Solar PPA would be for a 15-year term, a reasonable long term duration available under the Company's DSP IX. The Company believes this duration is reasonable because it supports the Solar PPA's competitive pricing. Of the proposals received through the RFP, only one was proposed for greater than 15 years.

The remainder of the Solar PPA comprises commercial terms consistent with those conventionally included in such agreements.

IV. SAEC Crediting and Ratemaking Treatment

The Company will use the energy and SAECs obtained through the Solar PPA as described in its DSP IX and approved by the Commission.

The Company will sell all energy purchased through the Solar PPA on a real-time basis into the PJM Real-Time Energy Market. The Company will accrue the revenues resulting from such sales and reconcile them back to default service customers at the same weighting as each customer class's SAEC obligation share. Rider Nos. 8 (Default Service Supply) and 9 (Day-Ahead Hourly Price Service) of the Company's retail tariff already include the language necessary to credit Solar PPA revenues and recover Solar PPA costs in this fashion. Exhibit D illustrates how these revenues and costs will be calculated and included in the Company's reconciliation statements.⁴

SAECs obtained through the Solar PPA will be allocated on a load share basis to the Company's third-party wholesale suppliers of default supply, and used to offset those suppliers' SAEC obligations. The Company's current Supplier Master Agreement includes the language necessary to implement such SAEC crediting. SAECs obtained through the Solar PPA will be banked and credited to wholesale suppliers in the subsequent year, such that the number of SAECs available to offset wholesale suppliers' SAEC obligation will be fixed at the time of each default

³ Actual in-service date may vary.

⁴ The Company will recover its third-party costs to prepare and implement the Solar PPA (e.g., the costs of retaining CRA) from default service customers in a similar fashion to the Solar PPA costs as depicted in Exhibit D over the remaining term of DSP X (i.e., June 1, 2025 through May 31, 2029).

service procurement. The SAEC banking period will align with the PJM Energy Year of June 1 through May 31, except for the first and last banking periods, which will be shorter or longer as necessary to account for the start and end dates of the PPA.

By way of illustration: in the first banking period of the Solar PPA, June 30, 2027, through May 31, 2028, the Company projects purchasing approximately 8,018 SAECs through the Solar PPA. The Company will bank these SAECs, and allocate them to wholesale suppliers participating in the default supply procurements scheduled for September 2028 through March 2029. *See Exhibit E.* Wholesale suppliers will continue to bear all volumetric risk associated with procuring additional SAECs, as they do already. In advance of each default supply procurement for which an SAEC bank applies, the Company will include the amount of the SAEC bank in its pre-bid communications and informational sessions with prospective wholesale suppliers, to ensure that such reduced SAEC obligation is reflected in those suppliers' bids.

V. Conclusion

As the foregoing demonstrates, the Solar PPA (1) was the product of a competitive solicitation; (2) conforms to the requirements of DSP IX approved by the Commission; and (3) represents a prudent, low-cost mechanism for acquiring a portion of the Company's SAEC obligation. The Company respectfully requests that the Commission approve the Solar PPA, to support PG Solar's financing and construction timetable.

Respectfully Submitted,



Michael Brechlin
Assistant General Counsel,
Regulatory

Enclosures

Cc: Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been served upon the following persons, in the manner indicated, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant):

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Date: October 21, 2024



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EXHIBIT A
CONFIDENTIAL

EXHIBIT B

CONFIDENTIAL

EXHIBIT C

CONFIDENTIAL

EXHIBIT D

Step 1 - Beginning September 2027, begin to track banked solar SRECs and the associated regulatory asset deferral.

Month	Solar SREC Bank	Regulatory Asset	Avg. Cost
Jun-27	821	\$17,670	
Jul-27	1,707	\$36,743	
Aug-27	2,563	\$55,145	
Sep-27	3,302	\$71,048	
Oct-27	3,920	\$84,348	
Nov-27	4,368	\$94,008	
Dec-27	4,727	\$101,723	
Jan-28	5,185	\$111,588	
Feb-28	5,722	\$123,127	
Mar-28	6,427	\$138,313	
Apr-28	7,160	\$154,072	
May-28	8,018	\$172,550	\$ 21.52

Overview: The illustrative regulatory asset example reflects the estimated cost associated with the solar contract that will be recovered from default service customers. The regulatory asset will also reflect the estimated proceeds of the solar energy that will be sold into the PJM market on a real-time basis. The solar contract cost, offset with the accrued revenues, will be allocated to default service customers at the same weighting as each customer class's solar SREC obligation share. This schedule does not reflect the associated impact to future RFP auctions as a result of the banked solar SRECs.

Step 2 - Placeholder [1] - Reflect the September 2028 customer class SREC & deferred cost allocation.

Customer Class	POLR MWh Forecast [2]	Allocation Percentage	September 2028 Reg. Asset Allocation
Residential	3,157,000	73.8%	\$127,394
Small C&I	508,000	11.9%	\$20,499
Medium C&I	366,000	8.6%	\$14,769
HPS Eligible	245,000	5.7%	\$9,886
Total	4,276,000	100.0%	\$ 172,550

1/ Actual cost allocation will be based on the number of SRECs that are allocated to wholesale suppliers.
 2/ Sourced from Docket No. Docket No. P-2024-3048392, Exhibit DBD-4 - DSP X - Updated Unbundling Default Service Costs

Step 3 - Distribute the customer class allocation based on number of tranches and the length of the product.

Month	Residential				Small C&I				Medium C&I				HPS Eligible	Total
	\$127,394				\$20,499				\$14,769				\$9,886	\$172,550
	Residential 12 Month - Sep-28 RFP	Residential 12 Month - Mar-29 RFP	Residential 24 Month - Sep-28 RFP	Residential 24 Month - Mar-29 RFP	Small 12 Month - Sep-28 RFP	Small 12 Month - Mar-29 RFP	Small 24 Month - Sep-28 RFP	Small 24 Month - Mar-29 RFP	Medium 3 Month - Sep-28 RFP	Medium 3 Month - Dec-28 RFP	Medium 3 Month - Mar-29 RFP	Medium 3 Month - Jun-29 RFP	HPS 12 Month - Jun-29 RFP	
Dec-28	\$3,539	\$3,539	\$885	\$885	\$569	\$569	\$142	\$142	\$1,231	\$1,231				
Jan-29	\$3,539	\$3,539	\$885	\$885	\$569	\$569	\$142	\$142	\$1,231					
Feb-29	\$3,539	\$3,539	\$885	\$885	\$569	\$569	\$142	\$142	\$1,231					
Mar-29	\$3,539	\$3,539	\$885	\$885	\$569	\$569	\$142	\$142		\$1,231				\$38,196 (A)
Apr-29	\$3,539	\$3,539	\$885	\$885	\$569	\$569	\$142	\$142		\$1,231				
May-29	\$3,539	\$3,539	\$885	\$885	\$569	\$569	\$142	\$142		\$1,231				
Jun-29	\$3,539	\$3,539	\$885	\$885	\$569	\$569	\$142	\$142			\$1,231			
Jul-29	\$3,539	\$3,539	\$885	\$885	\$569	\$569	\$142	\$142			\$1,231			\$73,950 (B)
Aug-29	\$3,539	\$3,539	\$885	\$885	\$569	\$569	\$142	\$142			\$1,231			
Sep-29	\$3,539	\$3,539	\$885	\$885	\$569	\$569	\$142	\$142				\$1,231		
Oct-29	\$3,539	\$3,539	\$885	\$885	\$569	\$569	\$142	\$142				\$1,231		
Nov-29	\$3,539	\$3,539	\$885	\$885	\$569	\$569	\$142	\$142				\$1,231		
Dec-29		\$3,539	\$885	\$885	\$569	\$569	\$142	\$142						\$824
Jan-30		\$3,539	\$885	\$885	\$569	\$569	\$142	\$142						\$824
Feb-30		\$3,539	\$885	\$885	\$569	\$569	\$142	\$142						\$824
Mar-30		\$3,539	\$885	\$885	\$569	\$569	\$142	\$142						\$824
Apr-30		\$3,539	\$885	\$885	\$569	\$569	\$142	\$142						\$824
May-30		\$3,539	\$885	\$885	\$569	\$569	\$142	\$142						\$824
Jun-30			\$885	\$885			\$142	\$142						\$824
Jul-30			\$885	\$885			\$142	\$142						\$824
Aug-30			\$885	\$885			\$142	\$142						\$824
Sep-30			\$885	\$885			\$142	\$142						\$824
Oct-30			\$885	\$885			\$142	\$142						\$824
Nov-30			\$885	\$885			\$142	\$142						\$824
Dec-30			\$885	\$885			\$142	\$142						\$824
Jan-27			\$885	\$885			\$142	\$142						\$824
Feb-27			\$885	\$885			\$142	\$142						\$824
Mar-27			\$885	\$885			\$142	\$142						\$824
Apr-27			\$885	\$885			\$142	\$142						\$824
May-27			\$885	\$885			\$142	\$142						\$824

Step 4 - Reflect the solar cost allocation for the first SREC allocation year with the DSS/FRA filing and the associated costs that would be captured within the 1307e reconciliation.

SREC Allocation - September 2028 Auction:	12/1/28 Rate Filing [3] & [4]	1307e Reconciliation							
	Solar Cost Allocation	Dec-28	Jan-29	Feb-29	Mar-29	Apr-29	May-29	Total	
Residential/Lighting	\$26,541	\$4,423	\$4,423	\$4,423	\$4,423	\$4,423	\$4,423	\$4,423	\$26,541
Small C&I	\$4,271	\$712	\$712	\$712	\$712	\$712	\$712	\$712	\$4,271
Medium C&I	\$7,385	\$1,231	\$1,231	\$1,231	\$1,231	\$1,231	\$1,231	\$1,231	\$7,385
									\$38,196 (A)

SREC Allocation - March 2029 Auction:	6/1/29 Rate Filing [3] & [4]	1307e Reconciliation						
	Solar Cost Allocation	Jun-29	Jul-29	Aug-29	Sep-29	Oct-29	Nov-29	Total
Residential/Lighting	\$53,081	\$8,847	\$8,847	\$8,847	\$8,847	\$8,847	\$8,847	\$53,081
Small C&I	\$8,541	\$1,424	\$1,424	\$1,424	\$1,424	\$1,424	\$1,424	\$8,541
Medium C&I	\$7,385	\$1,231	\$1,231	\$1,231	\$1,231	\$1,231	\$1,231	\$7,385
HPS Eligible [3]	\$4,943	\$824	\$824	\$824	\$824	\$824	\$824	\$4,943
								\$73,950 (B)

3/ Medium C&I would also reflect an allocation within their 1/1 & 9/1 Rate Filings.
 4/ Only illustrated 6 months of the 12 month reconciliation.