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Efficiency: Delaware Sustainable Energy Utility's Byrne talks progress on clean energy development (OnPoint, 02/02/2010)

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About this video



Delaware has led the way in fostering efficiency and sustainable energy development through its "Sustainable Energy Utility." How can other regions learn from Delaware's progress? During today's OnPoint, John Byrne, distinguished professor of energy and climate policy at the University of Delaware's Center for Energy and Environment and co-chairman of Delaware's Sustainable Energy Utility, discusses the SEU's impact on Delaware's sustainability. He explains how the SEU is helping to mobilize financing from the private sector and talks about its impact on standard utilities.

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Transcript

Monica Trauzzi: Welcome to the show. I'm Monica Trauzzi. Joining me today is Dr. John Byrne, distinguished professor at energy and climate policy at the University of Delaware and co-chair of Delaware's Sustainable Energy Utility. Dr. Byrne, thanks for coming on the show.

John Byrne: Thank you very much for the invitation.

Monica Trauzzi: Dr. Byrne, the Sustainable Energy Utility is a unique nonprofit organization created to foster a sustainable energy future in Delaware. Talk a bit about why it was launched and how it's sort of fits into the broader national discussion on energy policy and energy efficiency.

John Byrne: Okay, yeah, I'll be happy to. Well, as I think many at least that look at the industry know, we're kind of headed for a train wreck. We expect that the prices of the fuels that we depend upon now will probably double in the next 10 to 15 years and the use of those fuels are causing a problem related to climate change. Currently Americans release on average about 20 tons of carbon dioxide per person per year and our planet came with the ability to recycle only 3.3. So, between the economic problem and the environmental problem there's going to be major change in the energy sector. The Sustainable Energy Utility was conceived as a vessel to say, for the 21st century, we need a utility that will invest in reducing the amount of energy that is required for us to do our business and when we need to use energy, let's use renewable energy sources for that purpose.

Monica Trauzzi: So, how does this differ from a traditional or typical utility and why can't you just go into a utility, an already existing utility, and revamp their structure and make them greener?

John Byrne: Yeah, actually, I tried. On the professional level, I spent about 20 years trying to make that happen. And I think, as you know, utilities make their money by selling is more energy, not by selling us less. And they make their money by trying to have every large capital projects pass through our prices. And that really creates a collision with the need to move on to energy efficiency and renewable energy. So, that's why we like following the ideas that were hatched in Vermont and Oregon and some other parts of our country. We decided that we would try and build, in parallel, a sustainable energy utility. I want to briefly mention, actually, the relationship between us and the utilities in our state is currently quite cooperative. They now understand that it's not their job to do the green energy shift. They have to do the more typical things they've done, make sure they provide reliable energy to businesses and to citizens and to farms. That's what they're doing and we're trying to give them the opportunity to pick from that green menu.

Monica Trauzzi: So, it's not that they're losing business or at a financial disadvantage because you have the SEU in place?

John Byrne: That's right. In fact, it's the other way around. We now go out and recruit private capital. We have bonding authority, so we invite in private capital to work on these projects. We utilize our cap and trade in our region. There's a regional greenhouse gas initiative cap and trade. We invest those funds on behalf of the citizens and businesses of the state in order to make those kinds of investments. So, we bring the investment to the table. We don't ask the utilities to have to back this up in their conventional rate structures.

Monica Trauzzi: So, does this serve as a model of what might happen elsewhere in the country? I mean can this work in other regions?

John Byrne: Yeah. Actually, I think we're seeing some of that happen. In fact, the nation's capital has passed, Council Member Che led the charge to pass a sustainable energy utility. Philadelphia Mayor Nutter has made a strong move in this direction. And I think we're seeing a lot of opportunities, we can call it one thing or another, but a lot of opportunities to create the ability for both a technology shift and a financing shift toward this greener menu.

Monica Trauzzi: And how would a cap and trade then impact the work you're doing and sort of broadening the scope throughout the nation?

John Byrne: So, I think if a national cap and trade can be created, that cap and trade will generate an awful lot of revenue and we need to now find a way to make sure that that revenue finds a home in the sustainable energy space. And to do that you need to make sure that we really get the best quality projects out there. That's what a sustainable energy utility does. It is performance contracting based. It has to make money for the citizen or for the business in order to secure the funds.

Monica Trauzzi: We might not see a cap and trade pass this year, but we may see an energy only package which could include a renewable electricity standard. How would that impact the work that you do if we do see a national standard on renewable electricity?

John Byrne: Again, we're working to -- in fact, the obligation of the sustainable energy utility company in Delaware is to fulfill our fairly handsome renewable portfolio standard. We require 20 percent of our sales to come from renewables by 2019 and 2 percent of that 20 must come from solar electric technology. We are on course. In fact, we're ahead of the curve. A lot of folks are talking about problems of meeting their renewable energy portfolio standard. We are actually on course to meet our standard, probably early. So, I think there's a way in which these things cooperate and a national renewable portfolio standard, a national energy efficiency resource standard, I think, would greatly galvanize the kind of investment we need.

Monica Trauzzi: Are you also involving consumer education and how much of a hurdle is that?

John Byrne: You're very right about that. We have really sort of distanced ourselves. Electricity is something that comes out of a hole in the wall. We don't know very much about how and why and all the rest, so, yes, we've had to make a huge lift on the educational side in order to really capture the innovation of both our businesses and our citizens. When you put this kind of funding in the hands of our businesses, our citizens, our farms, they find really innovative and creative ways to do this. But we have to give them the ability to know much better about their basic energy bill in order to make the right decisions.

Monica Trauzzi: You touched on financing earlier and I just wanted to discuss it a little further. It's been one of the key challenges that we've seen in increasing efficiency, because it's difficult to mobilize money in the private sector. So, does an effort like this make financing easier because it's a larger project and not sort of a small individualized effort?

John Byrne: Exactly right, exactly right. Our bonding authority, we're going out for a \$35 million bond issue. Delaware has never invested anything even remotely close to that amount on behalf of energy efficiency and renewables. We're going to do that with guaranteed savings agreements. Companies will come in, will guarantee those savings, and we are bonding against those guarantees. Now, that's a model that the market understands. It's a

model that the banks understand. It's a model that technology companies can understand. And we're doing that, bundling up a very large number of projects for that purpose, so that, just as you mentioned, drive the costs down and get large action happening more quickly.

Monica Trauzzi: All right, fascinating stuff. Thank you for coming on the show.

John Byrne: Thank you very much, really appreciate it.

Monica Trauzzi: And thank you for watching. We'll see you back here tomorrow.

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