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## Delaware energy: SEU program to retrofit buildings

### Bonds will finance energy-saving projects at public and nonprofit facilities

By AARON NATHANS  
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Energy services companies are expected to split as much as \$25 million to \$35 million in contracts to perform energy- and money-saving upgrades on drafty government, education and not-for-profit buildings in Delaware.

The state's <http://www.seu-de.org/> **Sustainable Energy Utility** announced the project Wednesday at the Carvel State Office Building in Wilmington, a 33-year-old structure that will be among the first to get the treatment.

The upgrades will include updating heating, ventilation and air conditioning systems; replacing old lighting and adding controls such as motion detectors; installing programmable thermostats; and putting in solar panels.

About 50 state buildings will be considered for such retrofits, based on their potential for energy savings. Also considered will be municipal, school, university, hospital and nonprofit civic buildings.

The projects will be done under "energy performance contracts," a practice in use elsewhere but new to Delaware. Each contract guarantees there will be savings on electricity, heating and water usage. The owner of the building pays nothing up front. When the savings are realized, the owner pays the SEU a portion of them -- perhaps a third per year -- until the cost of the retrofit is paid off.

Citibank will float bonds on behalf of the SEU, which the SEU will use to pay the contractors for their work. The payments from the building owners will be used to repay the borrowing.

The energy services companies that have so far been approved to compete for the work include ConEdison Solutions, Constellation Energy Services, Energy Systems Group, Johnson Controls, Honeywell, Pepco Energy Services, Siemens Building Technology, Seiberlich Trane and Noresco. More could be added, said SEU Co-Chairman John Byrne. They'll be required to use local labor and abide by state contracting rules, he said.

"We will not, not have to tap the state capital budget to retrofit our buildings and reduce our energy consumption," said <http://governor.delaware.gov/> **Gov. Jack Markell**.

The governor, joined at the announcement Wednesday by SEU Co-Chairman Harris B. McDowell III, said the Carvel Building project alone would employ 65 people. He said if the entire program gets the bond money as expected, it would generate 375 to 625 in-state jobs.

The SEU is a state-authorized, not-for-profit organization tasked with energy efficiency and small-scale renewable energy projects.

As a nonprofit, the SEU has access to the cheapest money on the bond market, keeping the cost of the work low, said Becky Fleischauer, SEU spokeswoman. It can also offer its end users more favorable terms than if the energy services firms had to fund the projects on their own, she said.

"The SEU's interest is in cutting the most energy waste," and getting paid is not a primary motivation,

she said.

Ethan Zindler, head of North American research for New Energy Finance, agreed that one of the obstacles to energy efficiency has been mobilizing private money. Small projects have a hard time getting financing, but "if you lump them together, it becomes very interesting to them."

Zindler noted the state of Oregon is conducting a similar program using bonds to pay for energy-efficiency upgrades.

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