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## August 2007 State Policy Bulletin



### August 2007

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## Guest Highlight

### The First State Becomes First in Sustainable Energy

By Dr. John Byrne and State Senator Harris B. McDowell III

For the average energy consumer, incorporating sustainable energy into one's home, business, or daily commute can be a trial. Finding the right information and resources often entails working with a fragmented array of equipment distributors, consulting firms, contractors, and energy services companies. To make matters worse, sustainable energy options are often more expensive than their conventional counterparts, putting them out of the reach of low-income and many middle-income households. Several states mandate that energy utilities offer education and incentives for improving energy efficiency, but experience shows that this seldom leads to the creation of sustainable energy markets; indeed, there are often conflicts between the interests of energy utilities and demand for greater energy efficiency and customer-sited renewables. Moreover, these policies fail to address transportation issues and cannot take full advantage of more comprehensive approaches such as green building and green community design.

To remedy this, Delaware has taken a dramatic step toward helping its citizens use less energy and generate it cleanly. On June 28, 2007, Delaware Gov. Ruth Ann Minner (D) signed legislation into law creating the nation's first full-fledged sustainable energy utility (SEU). A nonprofit corporation, the SEU's mission is to:

- 1) Help residences and businesses purchase energy-efficient equipment by covering the difference in cost between, for example, *Energy Star*<sup>®</sup> and standard products, which will result in the equivalent of 400-600 MW of peak load reduction;
- 2) Provide expanded weatherization assistance to residences (low-income households in particular); and,
- 3) Promote at least 300 megawatts (MW) of customer-sited renewable energy applications.

By 2015, the SEU could enable participating households and companies to reduce their energy use by 30% (cutting annual household energy costs up to \$1,000), and double the number of annually weatherized units in the state. Delaware is a small state with a typical peak summer load less than 3,100 MW. Thus, the SEU's program will amount to shifting 25-30% of its electricity needs to sustainable energy resources in just 12



years.

The SEU is the product of a legislative task force created in 2006 to examine the feasibility of developing a sustainable energy utility in the state of Delaware. We co-chaired the Task Force which found that the state lags significantly behind several Northeastern states and California in household and business energy efficiency. Specifically, the Task Force determined that the SEU, combined with new renewable energy policies proposed by the Task Force and passed by the legislature in late June of this year, could reduce residential building energy use by 50% and commercial building use by 40%, leading to lower volatility in the price of energy and, ultimately, to lower energy bills. The SEU's focus on customer-sited renewables promises to stimulate innovation in green technologies, which are more modular and easier to deploy than traditional energy sources that can require long-term contracts of 20-25 years to be cost-effective. According to the Apollo Alliance, this innovation also could lead to the creation of over 9,000 permanent jobs in Delaware. Importantly, the SEU also could help Delaware reduce its carbon footprint by one-third by 2019, lowering its emissions to 2003 levels. Such a reduction would more than meet its requirements under the Regional Greenhouse Gas Initiative (RGGI).

In designing the SEU, the Task Force drew upon the experience of other states that have made notable strides in energy efficiency and renewable energy, including California, New York, New Jersey, Connecticut, and Vermont. The Task Force was pleased when *Efficiency Vermont*, a pioneer in providing energy-efficiency options to consumers, wrote to the Delaware Energy Office praising the SEU, calling its focus on all sources of energy consumption and on developing renewable energy "a logical and critically important next step."

With passage of all four bills crafted by the Task Force – including the creation of the SEU; an improved renewable portfolio standard (increased to 20% by 2019 with a 2% solar carveout); the doubling of its Green Energy Fund mill rate; and, an increase of its net metering ceiling to 2 MW for business customers and 25 kW for residential self-generators – its members are now hopeful Delaware can become a leader in sustainable energy, and a source of inspiration to others.

For more information on the SEU, see <http://www.seu-de.org>. Dr. Byrne is the director of the Center for Energy & Environmental Policy, University of Delaware and a contributing author to the Intergovernmental Panel on Climate Change (IPCC). He can be reached at [jbbyrne@udel.edu](mailto:jbbyrne@udel.edu). Also see <http://ceep.udel.edu>. Senator McDowell is chair of the Energy and Transit Committee of the Delaware Senate and a long-time advocate of sustainable energy options. He authored legislation to create Delaware's Green Energy Fund, its Renewable Portfolio Standard, and the Division of the Public Advocate (which fights for the interests of small consumers), among others, and was the chief sponsor of the SEU bill. He can be reached at [harris.mcdowell@state.de.us](mailto:harris.mcdowell@state.de.us).

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