

Proposal for Delaware Sustainable Energy Utility Model



Presented to:
Delaware Sustainable Energy Utility Task Force
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Overview

- SEU Concept Refresher
- Overview of Vermont and New Jersey
- Delaware SEU Framework
- SEU Details
- Discussion



SEU Concept Refresher

(From the SEU Task Force Mission Statement)

- **Structure:** A nonprofit entity separate from any utility, public or private
- **Goals:**
 - Develop end-user markets for energy efficiency services and customer-sited renewable energy
 - Facilitate private sector implementation of the SEU's market development plans
 - Serve as a single point-of-contact for end users to obtain low-cost, environmentally sound services on the demand side
 - Over time, targets will include all fuels and end uses
- **Oversight:** by independent committee (board)
- **Management:** by competitively bid contract with possible incentives
- **Implementation:** by private sector contractors



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Vermont Highlights

- Proposed DE SEU Model is based on VT and NJ
- **“Efficiency Vermont”** is the SEU
- **Oversight:** through State agencies
- **Management Contractor:** Vermont Energy Investment Corporation (VEIC), a private nonprofit corporation
- **Implementation:**
 - VEIC employs internal staff
 - VEIC employs external contractors
- **Programs:** Comprehensive demand-side efficiency
 - Including: Electricity, Gas, Oil, propane



New Jersey Highlights

- **Oversight:** through state agencies
- **Program Coordinator:** hired by Office of Clean Energy
- **3 Market Managers:** hired by Programs Coordinator to implement:
 - Residential efficiency
 - C&I Efficiency
 - Renewables
- **Programs:** include electricity, natural gas, renewables
- **Fiscal agent:** NJ Dept. of Treasury



Key Goals for Delaware SEU

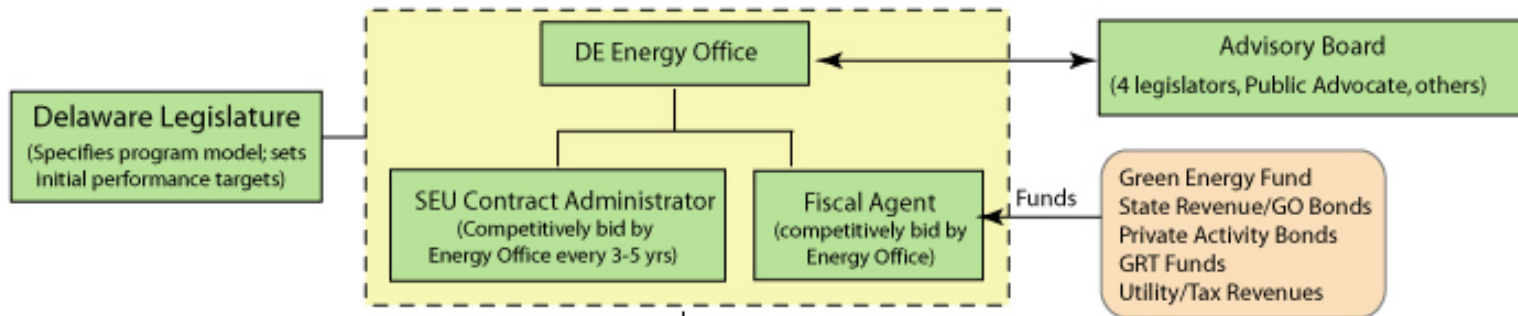
- **Direct, Single Point-of-Contact**
 - Delivers sustainable energy services to all end-users regardless of market segment or fuel
- **Private Sector Implementation**
 - With incentives
 - With public oversight
- **Independent Monitoring and Verification**



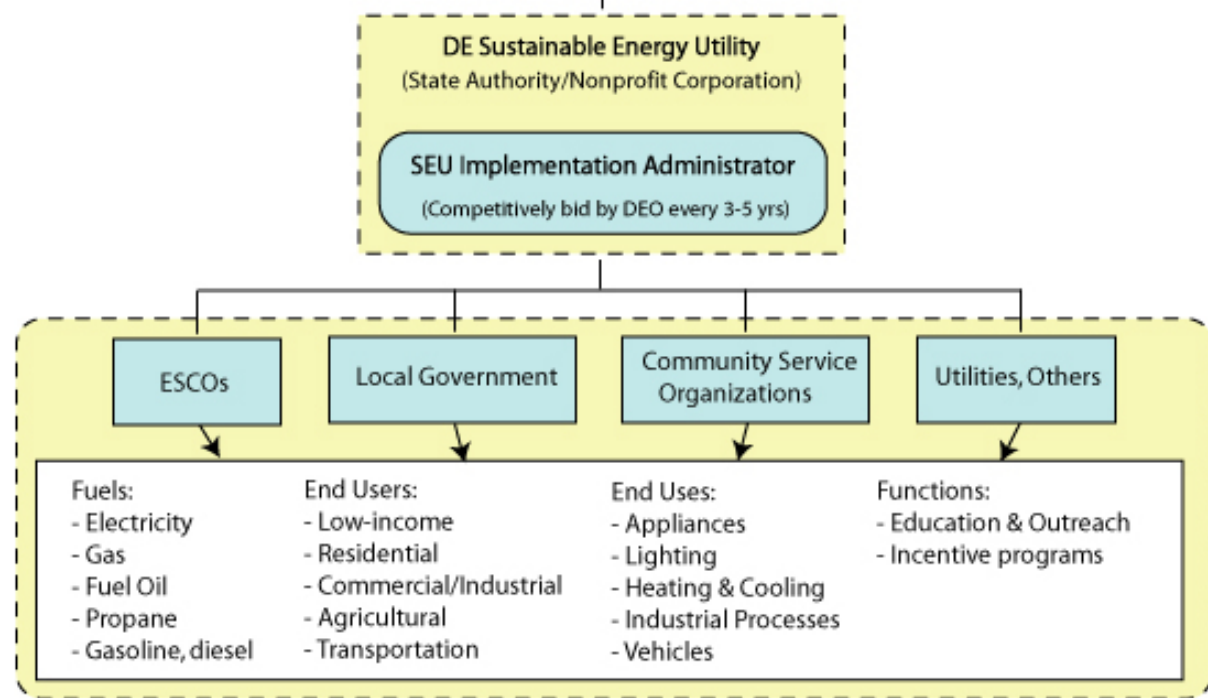
Delaware SEU Framework

Proposed Delaware SEU Framework
(Based on NJ and VT)

Strategic Management
& Policy Functions

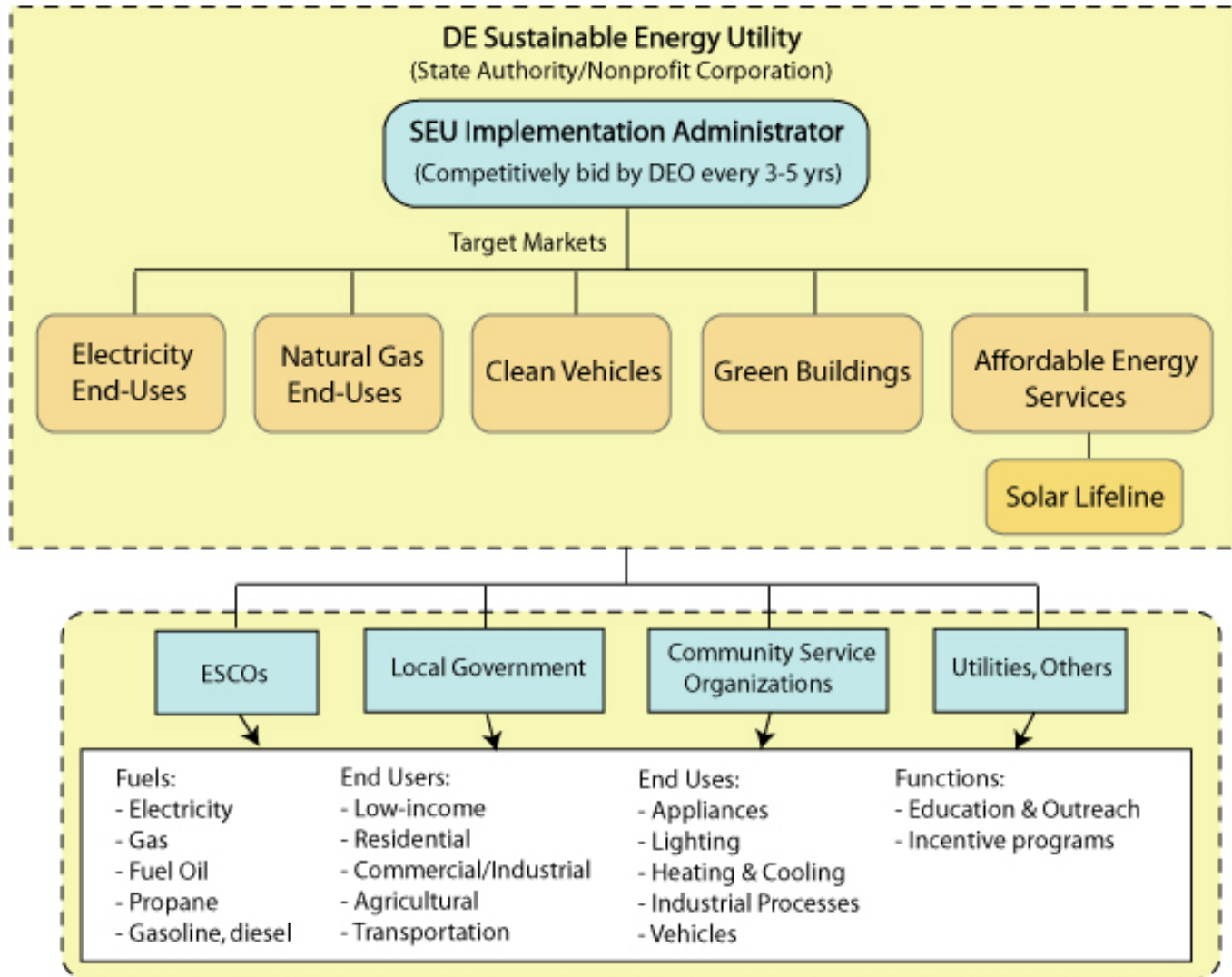


Operations and Implementation Functions



Delaware SEU Market Focus

Delaware SEU Market Focus



Legislature and Advisory Board Roles

(Strategic Management and Policy Functions)

■ Legislature

- Defines institutional framework
- Defines relationship of SEU with other admin. bodies
- Defines initial performance targets
- Defines funding mechanisms

■ Advisory Board

- Public oversight of SEU functions and implementation
- Reviews, recommends, and approves on-going targets
- Reviews and approves RFPs
- Contracts for independent monitoring & verification



Delaware Energy Office

(Strategic Management and Policy Functions)

- Role - overall planning, management, administration
- Responsibilities:
 - Initial program planning (see following slide)
 - Establish new & updated performance targets
 - Policy research
 - Develop policy recommendations
 - Develop performance incentive framework
 - For SEU and subcontractors
 - Write RFPs for contractors, evaluate proposals, award contracts
 - SEU Contract Administrator, SEU Implementation Administrator, Fiscal Agent
 - Periodic reporting to Advisory Board and others



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Delaware Energy Office (Cont'd)

(Strategic Management and Policy Functions)

- Initial Program Planning – For Program Design
 - Assess residential, commercial, industrial demographics
 - Population and economic growth estimates
 - Energy consumption forecasts
 - Regional energy efficiency trends
 - Select target markets, end-users, and specific end-use equipment
 - Based on market research
 - Technical and economic potential estimates (if needed)



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Contract Administrator

(Contracted by DEO for 3-5 year periods; subject to re-bidding; may receive performance incentives)

- Main interface between DEO and sub-tier contractors
- Chief responsibilities:
 - Ensure SEU Implementation Administrator and implementation contractors meet efficiency and budgetary targets
- Supports DEO's administrative & management roles
- Works with the DEO:
 - During subcontractor RFP/award cycles
 - To develop initial program designs
 - To establish & manage subcontractor performance targets and incentives
 - To design program implementation guidelines & procedures
 - To ensure SEU Implementation Administrator's contract compliance
 - To review SEU Implementation Administrator's invoices
 - For day-to-day oversight & reports on Implementation Administrator's performance



Fiscal Agent

(Contracted by DEO)

- The SEU's "Treasury"
- A private-sector contractor such as
 - A bank, trust, or other financial services entity
- Primary responsibilities:
 - Ensure proper accounting of SEU funds and disbursements
 - Pay invoices
 - Oversee transactions involving RECs and possible Lifeline activities
 - Interface with bonding and revenue authorities
- Contract subject to competitive bidding
 - Fee only, or fee-plus-incentive structure could be used



SEU Implementation Administrator

(Hired by DEO for 3-5 year periods; subject to re-bidding; receives performance incentives)

- Core of SEU Activities – Operations and IT Departments
- Chief responsibility:
 - Oversee program-level activities
 - Ensure compliance with management and admin. objectives
- Responsibilities:
 - Propose and design programs in collaboration with SEU Contract Administrator
 - Clearinghouse function; point-of-contact for customers
 - Develop & maintain SEU information services
 - Select implementation contractors (overseen by Contract Admin. & DEO)
 - Oversight and reporting on implementation contractor performance
 - Designs M&V protocols; collects primary M&V data (subject to independent review)
 - Propose program improvements (e.g. targets, processes)



SEU Implementation Contractors

(Hired by SEU Implementation Administrator; subject to re-bidding)

- Multiple contractors responsible for program delivery
- Selected based on market segments and programs
- Hired for 2-4 years (depending on final framework design)
- Receive performance-based incentives

