

**Delaware Sustainable Energy Utility Oversight Board
Executive Committee Meeting
Alumni Lounge, Perkins Student Center, University of Delaware, Newark
9:00 a.m., July 27, 2009**

ATTENDANCE

Board Members

Sharron Cirillo, Public Accountant
Collin O'Mara, Secretary, Department of Natural Resources and Environmental Control
Senator Harris B. McDowell, III, Co-Chair
John Byrne, Director, Center for Energy and Environmental Policy, Co-Chair

Charlie Smission, ex officio

Board Staff

Sean Finnigan, Delaware State Senate

Scribe

Cara Lampton, Center for Energy and Environmental Policy

SEU Contract Administrator

Ralph Nigro, Applied Energy Group

Members of the Public

Brian Gallagher, E3 Energy
Richard Marcus, KW Solar Solutions
Albert Miller, KW Solar Solutions
Mike Schlegel, Duffield Associates
Howard Fortunato, JCM Environmental
Brian McGlinchey, Laborers International Union of North America
Bob Maxwell, Laborers International Union of North America
Kate Leary, Flexera, Inc.
Mike Zimmy, PTM Manufacturing
Rhett Ruggento, PTM Manufacturing
Jim Black, Clean Air Council
Coralie Pryde, Citizen, Delaware Nature Society
Barry Yerger, AERCA
Pat Todd, League of Women Voters
Peggy Schultz, League of Women Voters

I. Welcome

The meeting began at 9:10am.

Senator McDowell opened with introductions and outlined the agenda.

II. 5/09/09 Executive Committee Meeting Minutes

The minutes of the May 9, 2009 Executive Committee meeting were reviewed. Senator McDowell, referencing a quote about “not slowing down the project” in Dover, made note that the SEU will not slow down *any* project. The meeting minutes were approved unanimously.

III. Update on Dover SUN Park Project

Dr. Byrne gave an update on the Dover SUN Park project. LS Power and its affiliate, White Oak Solar Energy, LLC have secured a contract with the City of Dover and Delmarva Power. The project is slated to be a 10 MW ground-mounted solar farm in an industrial development zone in Dover. The electricity will be sold to the City of Dover via a long-term solar power purchase agreement, with the City, Delmarva Power, DEMEC and possibly the SEU purchasing a portion of the SRECs. The SEU would purchase SRECs to be banked until 2015/2016 so that the Delaware compliance market is not flooded. The project is set for completion by 2010 or 2011. The SEU may take 20% of SRECs, but only after the appropriate pricing is determined and a “forward sell” contract can be made with Delmarva Power.

Dr. Byrne underscored the importance of banking SRECs to avoid market saturation, particularly because of the many solar projects coming online in the next 6 months. Senator McDowell affirmed this point, and suggested that the saturation issue is a problem of success, thanks in part to ARRA funds and the 30% federal tax credit.

Secretary O’Mara mentioned the possibility of developing a regional SREC market and suggested that Delaware engage in conversations with other states such as New Jersey. Because Delaware is a small state, the impact of one project is more profound, therefore a regional market could help bring consistency.

Ralph Nigro noted that the Contract Administrator (CA) is in the process of preparing a report on the SREC market which can be presented at a future meeting.

The next SEU Board meeting is tentatively scheduled for Aug 20th.

IV. Old/New Business

Senator McDowell asked to discuss the development of synergistic or “bundled” programs for both renewable energy and energy efficiency. He remarked on the current boom in both the renewable energy and energy efficiency markets and made reference to the potential

effectiveness of “one stop shopping” for maximum program leverage. Dr. Byrne noted the many ways to implement such programs. He also mentioned the several meetings he attended in D.C. where he observed new models being developed in both the private and public sectors.

Dr. Byrne made a motion to approve a proposal for an RFQ to develop the three main components of a bundled program, which would include financing, renewables, and efficiency. In addition, he suggested that advice should be sought from the DOE and the private sector on how to implement a bundled program. The motion asked for Dr. Byrne, Secretary O’Mara and Sharron Cirillo to draft a basic RFQ in consultation with the CA. Ms. Cirillo suggested that measurement and verification is carefully considered. The motion was seconded and approved unanimously.

State Energy Coordinator Charlie Smission gave a brief update on the revised RFP for the SEU Fiscal Agent. It is currently being reviewed by Secretary O’Mara. The Secretary suggested that the RFP be published without further review of the Board because the previous version was already approved and as a public process, it is not necessary to obtain Board approval for a second time. He also noted that there is a new RFP process online for the State and it is much improved. They are planning for an August 1st release date of the RFP with an October response deadline. Ms. Cirillo mentioned the RFP had not previously been marketed very well. She suggested the need for an accounting firm because of the areas of expertise required.

IV. Public Comment

Pat Todd asked that the Executive Committee be in the bylaws. Senator McDowell promised to relay the comment to Board Attorney, Frank Murphy.

Howard Fortunato asked a question about the intentions of the bundled program RFQ. Secretary O’Mara responded by saying that they are looking at the gap between mechanics and implementation and would like to compile best practices of the field, particularly in the financing component. Dr. Byrne discussed the variety of contract possibilities and further explained the concept of a bundling program and the need for a uniform front end for the program.

Senator McDowell discussed his efforts at the most recent National Conference of State Legislatures (NCSL) meeting. He explained that the NCSL has some congressional influence by way of policy recommendations and described the process as a rigorous one needing 3/4 approval to pass a policy recommendation. During this session, legislators worked on a recommendation to IRS by Senator McDowell to allow private activity sustainable energy investments to be defined as a public purpose. This language would help to promote SEU-style investments. Ms. Cirillo pointed out the benefit of reduced legal problems if this were to be passed and Dr. Byrne added that the House energy and climate bill (commonly known as ACES) has a “green bank” provision which would create a mechanism for implementing the goal of the language submitted by Senator McDowell to the NCSL. He noted that he worked for several months with DOE and other organizations to promote the green bank provision.

Senator McDowell was pleased to report that his resolution passed and the recommendation for an instruction to the IRS on this matter is now a legislative priority of the NCSL.