

Delaware Sustainable Energy Utility Oversight Board Meeting
Alumni Lounge, Perkins Student Center, University of Delaware, Newark
9:00 a.m., August 20, 2009

ATTENDANCE

Board Members

Senator Harris B. McDowell, III, Co-Chair
John Byrne, Director, Center for Energy and Environmental Policy, Co-Chair
Sharron Cirillo, Public Accountant
Roger Jones, Delaware Nature Conservancy
Collin O'Mara, Secretary, Department of Natural Resources and Environmental Control
Representative Pam Thornburg
Dr. Charles Wagner, Manufacturer of Energy Devices
Charlie Smisson, State Energy Coordinator (ex officio)

Board Staff

Frank Murphy, Attorney to the Board (called in)
Sean Finnigan, Delaware State Senate

SEU Contract Administrator

Ralph Nigro, Applied Energy Group

Scribes

Peter Olmsted, Center for Energy and Environmental Policy
Cara Lampton, Center for Energy and Environmental Policy

Members of the Public

Bob Maxwell, AERCA	Brian Gallagher, E3 Energy
Sally Buttner, Energy Transition Consult	Coralie Pryde, DNS
Scott Lynch, DEO	Brian Yerger, AERCA
Pat Todd, LWV	Ann Nathaus
Kevin Wilson, Colm Engineering	Jeff Benner, Brite Idea Energy
Howard Colm, Colm Engineering	Albert Miller, KW Solar Solutions
Bill Osborne, TMA Delaware	Richard Marcus, KW Solar Solutions
Brian Kramer, League of Women Voters	Michael Zimny, PTM – USA
Branch Heller, self	Becky Fleischauer, Navigator
Dale Davis, CMI Electric	Communications
Mike Schlegel, Duffield Associates	

I. Welcome

The meeting was called to order at 9:10 am. Senator McDowell welcomed the Oversight Board members, the SEU Contract Administrator, Ralph Nigro, and the Delaware Energy Coordinator, Charlie Smisson to the meeting.

II. Approval of June 2, 2009 Meeting Minutes

The June 2, 2009 minutes were reviewed and approved unanimously. The July 27, 2009 Executive Committee meeting minutes will be approved during the next Executive Committee meeting.

III. Executive Committee Update

Dr. Byrne provided an update from the Executive Committee. The Executive Committee has been tasked to review Delaware's SREC market and opportunities for the SEU to purchase and forward sell SRECs from large scale-solar projects to prevent saturation of the SREC market thereby maintaining SREC demand and value from residential and small business PV investors over time. The 10 MW Dover Solar Park development was referenced in this context.

The Executive Committee is also in the process of developing a Request for Qualifications (RFQ) for establishing a program that bundles renewables and energy efficiency in an effort to create scale that will entice private investment. The Request for Information (RFI) process generated sufficient comments to move forward with drafting an RFQ.

IV. Contract Administrator Update

Ralph Nigro, SEU Contract Administrator (CA), provided an update for the Oversight Board.

The ENERGY STAR Appliance Rebate Program is set to launch in early September. The CA has awarded a contract to Ohana for processing applications and a contract to Applied Proactive Technology (APT) for implementation. APT will implement the program at businesses and retailers, focusing on marketing and training for program penetration. The Oversight Board received a handout detailing a 4-year projection for participation. Rebates will be issued in the form of rebate cards; information will be available online and by phone, including Spanish language options. The program will be tracked on a weekly basis to monitor performance. New appliances will be added by 2010 including dishwashers and room air conditioners; updates to the ENERGY STAR appliance standards are expected in the near future. In addition, the CA is exploring the possibility of using the same implementation mechanism for a retail lighting program.

Board member Dr. Wagner inquired whether clothes dryers and range tops are included in the program. Mr. Nigro replied that these appliances do not currently qualify under

ENERGY STAR. At the request of Board member Roger Jones, Mr. Nigro listed the appliance rebate amounts eligible through the program. Senator McDowell noted the added benefit of water conservation regarding energy efficient front-loading washing machines.

Board member Sharron Cirillo inquired about how the appliance rebate program will change with volume. Mr. Nigro indicated that the rebate amounts are capped and that the contractors will be subject to performance review. Ms. Cirillo expressed her concern regarding the SEU's contract commitment under a scenario where the rebate program is widely successful. Mr. Nigro assured the Board that there is flexibility worked into the contract to provide the option to suspend, terminate or curtail the contract. Mr. Nigro indicated that the CA will monitor the program and update the Board in advance if such a problem begins to appear.

In regards to the commercial and industrial programs, although there was a lack of response to the initial RFP for the prescribed lighting program, re-issuing the RFP generated 5 bids from firms. The firms include ICF, SAIC, TRC, Nexant and Lockheed Martin. The CA will execute a comparative analysis and expects to have a recommendation to the Board with program launch by early fall.

In terms of the institutional savings program, the University of Delaware has expressed interest in having the SEU implement some of the campus' energy efficiency measures as part of the University's Climate Action Plan. The CA has developed an RFQ for UD in order to form a pool of ESCOs able to work within the MUSH sector. Once an ESCO is selected, an investment grade audit of seven selected buildings will be completed.

Longer-term SEU projects include the renewable energy program, of which the CA is in the process of coordinating with the Delaware Energy Office to transition management of the Green Energy Fund over to the SEU.

Catalyst Financial Group has completed a market analysis on program types and services for a revolving loan fund. It is expected that a report will be presented to the oversight board in the near future. The CA asked for Board approval to initially finance the revolving loan fund using ARRA funding. The CA recommended contracting with Catalyst to initially manage the revolving loan fund, and commented that the firm currently manages Vermont's community loan fund. Ms. Cirillo inquired as to the time frame of such a contract. Mr. Nigro replied that Catalyst would serve as an interim manager under a contract extending approximately 4-5 months. Ms. Cirillo inquired whether the Board is responsible for reviewing such a contract. Mr. Nigro indicated that he has asked Catalyst to develop a scope of work. To expedite the process, Dr. Byrne suggested the Board authorize the CA to review and approve a contract for interim management. Charlie Smission inquired whether this contract would be paid from funding allocated to the CA contract or if it would require additional funding. Mr. Nigro indicated that additional funding would be necessary. Ms. Cirillo expressed concern over a long-term contract becoming a cost containment issue, citing uncertainty regarding the volume of program intake. Mr. Nigro agreed to engage in further discussion with

Catalyst, and to request Catalyst to include both hard costs and temporary costs in the scope of work.

Ms. Cirillo made a motion authorizing the CA to develop the scope of work, consider the costs parameters, and to negotiate with Catalyst in developing an interim management contract for the revolving loan fund. The CA will report back to the Board in the next few months.

The CA's strategic market analysis has been completed. 400 residential and 200 small business customers were surveyed to investigate customer behavior and attitudes for effectively tailoring program development. A program name, "Energize Delaware," and an SEU website template have been developed. The website is in the final stages of development and will include detailed rebate program information. The website will be linked to a wide range of public and private websites. In terms of the GEF and renewable energy projects, the goal is to include a website interface for project applications.

In terms of low-income programs, the CA is reviewing financing options based on recently completed data collection.

With the CA update complete, Senator McDowell inquired about the next Board meeting date. Board members agreed to hold the next Board meeting on September 17, 2009 at 3:00pm.

V. Old Business

Dr. Byrne asked DNREC Secretary O'Mara to provide an overview of the new EERS legislation. Secretary O'Mara noted that the energy savings targets in the EERS are some of the strongest in the country. Additionally, the bill supports the decoupling docket under review by the PSC and establishes a loading order that places energy efficiency as a priority resource.

Secretary O'Mara also overviewed other legislative successes, including the solar access law, building energy code updates, zero energy capable building targets, and improved net-metering legislation.

Secretary O'Mara thanked Senator McDowell and a broad array of environmental organizations for assistance and leadership regarding the recent legislative successes. Senator McDowell praised Representative Thornburg for her support in the House of Representatives, and also thanked Governor Markell, Secretary O'Mara and the Home Builders Association. Ms. Cirillo specifically cited the SEU amendment that enables the aggregation of RECs without expiration. Dr. Byrne thanked Representative Thornburg for her support in developing a unique net metering provision for the agricultural sector.

Senator McDowell updated the Board on his term as energy committee chair under the NCSL. Senator McDowell was pleased with the committee's progress regarding energy policy, and was particularly pleased with a recommendation to IRS by the committee that

would adopt the SEU philosophy of treating private investment in sustainable energy as a public interest. The NCSL adopted the provision at its summer meeting, and the organization will now seek its adoption by the U.S. Congress.

New Business

Dr. Wagner reported that he has been pursuing partnerships to apply for a U.S. Department of Energy grant he is expecting to submit. As per the grant parameters, he has requested partnerships with Delaware utilities but has only received commitment from the City of Milford. Dr. Wagner requested a formal partnership with the SEU for the DOE competitive grant application. He emphasized it would involve no funds from the SEU.

Ms. Cirillo asked what the resource/time burdens would be on the SEU under this grant partnership. Dr. Wagner indicated that the project would demand approximately 6 hours/month from the CA, and again emphasized that it would not require a financial commitment. The partnership would be based on information sharing between the SEU and Dr. Wagner.

Senator McDowell excused Dr. Wagner from the meeting so that an open discussion could proceed.

Senator McDowell summarized concerns surrounding such a partnership, citing the appearance of a conflict of interest. Discussion ensued as to whether the SEU would want to offer a letter of support. Board members commented that although the scope of this partnership would not necessarily pose a financial conflict of interest, they remained uncomfortable with an endorsement.

The following motion was prepared by Board members: *The SEU Oversight Board is interested in projects of this type, but cannot issue a letter of support at this time and cannot be considered a cooperating party in the U.S. DOE grant proposal because the Board has not yet developed an appropriate mechanism for endorsing proposals.* The motion was approved unanimously.

Senator McDowell informed Dr. Wagner of the Board's decision, and thanked Dr. Wagner for his efforts in this worthwhile project. Dr. Wagner thanked the Board for their time and consideration.

VI. Public Comment

Ms. Todd inquired about who held authority to approve the winning bid for the appliance rebate program. The CA replied that he reviews the proposals and makes recommendations to the DEO who conducts final review and approval.

Mr. Maxwell asked whether the SEU Oversight Board has implemented a code of ethics into its by-laws, and if it covers issues such as Dr. Wagner's request. SEU Board

Attorney Francis Murphy indicated that the by-laws contain a code of ethics that covers conflict of interest issues.

Ms. Pryde asked if the activities of the Executive Committee will be formally defined in the by-laws. Mr. Murphy is looking into the question.

Mr. Benner inquired whether the GEF is able to accept donations from 501(c)3 organizations. Secretary O'Mara responded that the State does have a process for this type of donation and will have someone follow up with Mr. Benner.

VII. Adjourn

The meeting adjourned at 10:39am.