

**Delaware Sustainable Energy Utility Oversight Board Meeting
Collins Room, Perkins Student Center, University of Delaware, Newark
9:00 am, April 21, 2009**

ATTENDANCE

Board Members

Nnamdi Chukwuocha, Kingswood Community Center (called in)
Randy Day, Perdue Agribusiness (called in)
Roger Jones, State Director, The Nature Conservancy, Delaware Branch
Judge Arthur Padmore, Public Advocate (called in)
Representative Pam Thornburg
Colin O'Mara, Secretary, Department of Natural Resources and Environmental Control
Chuck Wagner, Manufacturer of Energy Devices
Senator Harris B. McDowell, III, Co-Chair
John Byrne, Director, Center for Energy and Environmental Policy, Co-Chair

Charlie Smisson, State Energy Coordinator (*ex officio*)

Board Staff

Frank Murphy, Attorney to the Board
Sean Finnigan, Delaware State Senate

SEU Contract Administrator

Ralph Nigro, Applied Energy Group

Guests

Brenda Gunter, U-HELP Coordinator, People's Settlement
Dan Kasper, Center for Energy and Environmental Policy, U-HELP Volunteer
Kate Kuholski, Center for Energy and Environmental Policy, U-HELP Volunteer
Manu Mathai, Center for Energy and Environmental Policy, U-HELP Volunteer
Amy Roe, Center for Energy and Environmental Policy, U-HELP Volunteer

Scribes

Anne Smart, Center for Energy and Environmental Policy
Cara Lampton, Center for Energy and Environmental Policy

Members of the Public

Scott Lynch, DNREC Energy Office
Brian Gallagher, E3 Energy
Brian Kramer, League of Women Voters
Sterling Minter, P. T. M. Manufacturing
Peggy Schultz, League of Women Voters, New Castle County
Jason Halpin, Green Building Council – HBA
Matt Lollard, Applied Energy Group

Mike Schlegel, Duffield Associates
Herb Adelman, Crowell Corp/White Optics
Eric Teather, Crowell Corp/White Optics
Bill Osborne, Transportation Management Association
John Flaherty
Jim Black, Clean Air Council
Sharath Rao, Delaware Division of Public Advocate
Coralie Pryde
Lauren Pisapia, Murphy & Landon

I. Welcome

Board Chairman, Senator McDowell welcomed Delaware Secretary of Natural Resources Colin O'Mara to the SEU Executive Board.

II. Approval of 3/6/09 & 3/19/09 Meeting Minutes

Minutes from March 6 were reviewed and approved unanimously.
Minutes from March 19 were reviewed and approved unanimously.

III. Old Business

Attorney Frank Murphy reported on the nonprofit status of the SEU. When the SEU was originally formed, the Board's tax counsel advised that the SEU be incorporated in Delaware as a 501(c)(4) nonprofit in order to accelerate the incorporation process. After speaking with the IRS, it was determined that it was possible to file as a 501(c)(3).

Motion to adopt an Amendment to the Certificate of Incorporation was made.

Board Member Roger Jones pointed out that normally 12-18 months are needed to process the application for the Certificate of Incorporation when it is for 501(c)(3) status.

Motion to adopt Amendment to Certificate of Incorporation passed unanimously.

A draft of the SEU Board bylaws was distributed at the meeting. These updated bylaws were developed by Board Attorney Frank Murphy and Board Member Roger Jones, with other board members assisting. There are two important new provisions in these bylaws: (1) The SEU Board is subject to the Freedom of Information Act; (2) Board Members must recuse themselves from participating, in the event of a conflict of interest. Board members are required to sign a conflict of interest statement.

Dr. Wagner asked for clarification about the language of the insurance clause in the bylaws. Mr. Murphy suggested that a motion be passed to have a report on insurance prepared for the next meeting. Motion passed unanimously.

Motion was made to adopt the bylaws as submitted.

Secretary O'Mara asked whether the amended bylaws are consistent with the provisions relating to the SEU in the Delaware Code. Additionally, he asked if there had been sufficient public notice that the bylaws would be amended.

Mr. Murphy indicated the proposed bylaws are consistent with the Code's description of the SEU. He also stated that there had been adequate public notice: the bylaws were included on the meeting agenda which was posted on the SEU Board and Delaware Energy Office websites in a timely fashion. He further noted: 1) proposed bylaws have been extensively discussed in several meetings of the Board and a large number of public comments were considered; 2) the committee created to prepare new bylaws has substantial knowledge in the matter; and 3) the bylaws were sent in advance to each Board member for study before the meeting.

Mr. Murphy stated that SEU Executive Board bylaws can be amended by Board members at any time.

Motion to adopt the bylaws as submitted passed unanimously.

Mr. Murphy recommended that the Board create an Executive Committee to exercise the power of the Board between Board meetings. This is due to the fact that there can be decisions that must be made in a timely manner before a scheduled Board meeting. The Co-Chairmen of the Board already have the authority to exercise the power of the Board, however, Mr. Murphy felt that an Executive Committee with additional members would be most appropriate. Co-Chair Dr. John Byrne nominated Board Member Sharron Cirillo be a member of this Executive Committee because of her invaluable accounting expertise. He also nominated Secretary O'Mara to be on the Executive Committee.

Mr. Jones made a motion to include Dr. Byrne, Senator McDowell, Secretary O'Mara, and Sharron Cirillo on the Executive Committee with a quorum of two members as necessary.

Motion to establish Executive Committee passed unanimously.

IV. Contract Administrator Update

State Energy Coordinator Charlie Smisson reported that the official Contract Administrator (CA) kick-off meeting was held on April 6 and 7. He was very impressed with the breadth and depth of experience of the CA team and the speed with which they are working to get the SEU up and running.

Mr. Ralph Nigro provided a brief overview on the role of the CA team, which consists of subcontractors Cadmus Group, Catalyst Financial Services and TMA Delaware, and then provided an update on their twelve-month task list, which was designated in the original RFP.

Regarding Task #1, Financial Model Analysis and Development, finance options available to MUSH sector are being discussed.

Regarding Task #2, the Enhanced Low-Income Weatherization and Efficiency Program, the CA will be meeting with Ken Davis, the Director of the Delaware Weatherization Assistance Program.

Regarding the early launch programs in Task #3 and Task #4, the *Energy Star*® Residential Appliance Purchase Program and the Small Business Efficiency Lighting Program, launches are expected by late June.

Regarding Task #5, the Institutional Sector Shared Savings Program, Citi has provided information on bond financing.

Regarding Task #6, Initial SEU Marketing, Cadmus Group is working to create an identity for the SEU. A new SEU website is being developed. There will also be a public relations person for the SEU.

Regarding Task #7, Strategic Market Analysis, Mr. Nigro reported the CA would be looking at all sectors and all fuels, including transportation. The CA will be scheduling meetings around the state to identify local data sources to support this market analysis.

Regarding Task #8, Management Information Systems, IT Support, and Communications, procurement is underway and a call center will be established.

Regarding Task #9, Reporting, the CA is finalizing contracts and developing reporting formats and master schedules.

Mr. Nigro also reported that a “soft launch” marketing for the SEU will occur on April 22 at the Delaware Blue Rocks minor league baseball team Earth Day event.

Dr. Byrne asked Mr. Nigro about the renewables early launch program, which was proposed as a new task at the March 19 Board meeting. Mr. Nigro explained that the goals are: (1) to use the Green Energy Fund (GEF) to support these projects; (2) to transfer authority for this program from the Energy Office to the CA; (3) to transition from the use of rebates to more substantive funding; and (4) to establish the SEU as a participant in the REC and SREC markets. The GEF is a statutory program so it would not be affected by the SEU and would not disappear because of the SEU. Eligible technologies under this program would remain the same. The next steps are to have Mr.

Smisson and the Energy Office review a more detailed version of this program. Discussions will begin shortly on transition and rules and regulations.

Board Member Chuck Wagner asked for a quote of the current price of a REC. Mr. Nigro reported that the price is \$200-\$250/MWh. By law, the Energy Coordinator can adjust this price.

Senator McDowell inquired about an appliance retirement and/or recycling program, suggesting that if old appliances are not required to be retired, it could possibly cancel out efficiency savings. Mr. Smisson indicated that if the State receives ARRA funding, appliance recycling may be a stipulation of using these funds.

V. SEU Early Launch “Knowledge of Power” Update

Dr. Byrne introduced the early launch program, stating that the project was launched to provide energy conservation and efficiency education and awareness to low and moderate income families, based on federal income guidelines.

Volunteer Amy Roe from the Center for Energy and Environmental Policy gave a presentation on this program.

Representative Pam Thornburg asked Mrs. Roe to talk further about her own experience making energy efficiency improvements to her home.

Secretary O’Mara asked Mrs. Roe about the public reception of the SEU shared savings program. Ms. Brenda Gunter of People’s Settlement Association stated that some people have wanted to participate while others have not. There have been enough people participating in this program to make the launch successful.

Ms. Gunter also reported that homeowners that use heating oil are seeing significant savings. In the past, homeowners that use oil would have to take out a loan in order to heat their homes. The shared savings program now allows these homeowners to pay in increments to a credit union with incremental billing.

The shared savings program began with 38 participants and now includes 31.

VI. New Business

Mr. Smisson gave a briefing on the selection of the SEU Fiscal Agent. The RFP for this position has been posted for a few months but unfortunately, there has not been much interest. The Energy Office has received two Intent to Respond letters including one from a firm in Wilmington and another from a firm in Annapolis, Maryland. The RFP proposals are due on Friday, April 24. Mr. Smisson stated that he expected to have a Fiscal Agent selected by mid to late May.

Mr. Murphy informed the Board that his office, Murphy and Landon, is representing People's Settlement Association (PSA). PSA has a contract with the Delaware Department of Natural Resources and Environmental Control to assist with the Early Launch "Knowledge of Power" Program. Murphy and Landon is representing PSA pro bono.

Mr. Murphy announced the birth of his daughter Scarlet, born on March 19. The Board expressed congratulations to him and his family.

VI. Public Comment

Coralie Pryde expressed concern over the rapid adoption of the bylaws. Mr. Murphy clarified that there was a careful vetting process for the bylaws. He explained that it was in the best interest of the public to adopt the amendments to the bylaws as soon as possible because of the important updates, including the conflict of interest clause. The Board read the bylaws prior to the meeting and the bylaws were posted on the SEU website on the Friday prior to the meeting. Board Member Roger Jones stated that it is important to note that the SEU Board is very different from other organizations and does have the power to amend the bylaws at any time.

Motion to adjourn was passed at 10:52am.

The next SEU Board meeting was tentatively scheduled for either Thursday, May 28, at 9am or Wednesday, May 27 at 10:30am.