

**Delaware Sustainable Energy Utility Oversight Board
Executive Committee Meeting
Senate Majority Caucus Room, Legislative Hall, Dover, DE
9:30am, March 3, 2010**

ATTENDANCE

Executive Committee 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 Member in attendance Roger Jones, Nature Conservancy

Board Staff

Sean Finnigan, Delaware State Senate
Frank Murphy, SEU Attorney

Scribe

Peter Olmsted, Center for Energy and Environmental Policy

SEU Contract Administrator

Ralph Nigro

Members of the Public

Jim Black, CAC	Cara Lampton, DNREC
Pat Todd, LWV	Finn McCabe, Flexera, Inc.
Becky Fleischauer, Navigator Communications	Gene Tez, Blue Arrow
Albert Miller, KW Solar Solutions	Rachel Marcus, CMI Solar Electric
Richard Marcus, KW Solar Solutions	Brian Gallagher, E3 Energy

I. Welcome

The meeting began at 9:30am. Senator McDowell opened with introductions and outlined the agenda. Sen. McDowell updated the Executive Committee and the public regarding Governor Markell's recent announcement that the State will engage performance-based contract opportunities available through the SEU to upgrade some of its facilities to achieve energy and water savings.

II. Approval of 1/21/10 Executive Committee Meeting Minutes

Executive Committee (EC) members approved the minutes from 1/21/10 EC meeting unanimously.

III. Executive Session: Dover Sun Park Agreement

Senator McDowell entertained a motion to enter into a special executive session for the purpose of discussing the proprietary nature of the Dover Sun Park project. Dr. Byrne made a motion to enter into Executive Session; Secretary O'Mara seconded the motion. The motion was approved unanimously.

*** Due to the proprietary nature of the Dover Sun Park negotiations, members of the public were asked to excuse themselves.

IV. Dover Sun Park Agreement

Upon closing the executive session and inviting members of the public to rejoin the Executive Committee meeting, Senator McDowell informed attendants of the potential opportunities presented by the Dover Sun Park.

Committee member Dr. Byrne followed up on the Senators remarks, and overviewed the details pertaining to the project. Dr. Byrne explained that while the Dover Sun Park offers a significant opportunity to strengthen the solar industry within the State, the volume of SRECs that the facility will produce will destabilize this market. Specifically, the oversaturation of Delaware's SREC market will have a dramatic impact on the market-based incentives for small to medium-sized solar businesses within the State. Over the past year, the SEU has therefore negotiated a participatory role in this project to help stabilize the overall market. Upon direction of the Oversight Board, the Executive Committee has negotiated a series of legal agreements and completed financial analyses of arrangements in which the SEU would purchase a fixed amount of SRECs from the Dover Sun Park.

The SEU would purchase a fixed amount of SRECs from White Oak, subsidiary of LS Power and the owner and operator of the Sun Park, from 2011 through 2014. During RPS compliance years 2015 and 2016, the SEU would then sell these SRECs to Delmarva Power and Light who would use them for complying with DE's RPS solar carve-out. Due to the fact that DE's RPS solar carve-out schedule grows gradually over the initial years, the arrangement under which the SEU will forward sell SRECs to Delmarva will help to stabilize the SREC market and create market opportunity for a variety of participants.

Dr. Byrne informed members of the public that the Executive Committee is currently exploring funding options for participating in this project and will make a recommendation to the Oversight Board once analysis is complete. The following motion was made in this regard: *The*

Executive Committee has reviewed many potential options of policies to help stabilize Delaware's REC markets, and to assure the continuance of clean energy jobs within the State. The Executive Committee therefore recommends to the Oversight Board approval of the SEU's participation in the Dover Sun Park project subject to final financial review. The motion was approved unanimously.

V. Revolving Loan Fund Program for Multi Family Development

Contract Administrator, Ralph Nigro, updated the Executive Committee on an opportunity to partner with the Delaware State Housing Authority (DSHA) in creating a revolving loan fund program for multi-family housing development. In 2010, the DSHA is offering \$2.5 million in federal housing tax credits for rehabilitation and new construction of affordable housing.

Approved projects are expected to meet energy efficiency standards as specified by DSHA.

The SEU would partner with the DSHA in offering incentives for developers to achieve a higher level of energy efficiency either in new construction or rehabilitation. Considering that the RFP for the DSHA opportunity is due April 9, 2010, the CA requested approval from the Executive Committee to issue public notice of SEU participation.

The CA informed the Executive Committee that the DSHA would initially review submitted RFPs, and would then forward the RFPs for SEU review. Committee members commented that performance standards should be established for assessing and analyzing proposals on a case by case basis.

The EC was in agreement that the SEU should make available \$2 million up to \$5 million available for the DSHA opportunity. A motion was made to this effect and approved by EC members unanimously.

VI. Old/New Business

There was no old or new business reported.

VII. Public Comment

Patt Todd from the LWV expressed her concern regarding the infrequency with which Oversight Board meetings have been held. The EC informed Patt that the inclement weather has posed challenges in this regard, and that a Board meeting has been scheduled for the following week.

A member of the public inquired as to what types of measures would be eligible through the DSHA opportunity. The CA listed some of the likely measures that would be eligible and explained that the SEU will need to develop baseline criteria for evaluating projects.

VIII. Adjourn

The meeting was adjourned at 11:47am.