

**Sustainable Energy Utility Task Force
Meeting: November 13, 2006**

**Meeting location: Senate Conference Room, Carvel Building; Time: 10:00 am
In attendance:**

Task Force Members:

Senator Harris McDowell, Chair
Dr. John Byrne, Co-chair
Senator Patricia Blevins
Senator Gary Simpson
Mr. Charlie Smisson, State Energy Coordinator
Mr. Keith Lake, Peoples Settlement Association
Ms. Dominique Baron, Delaware Nature Society

Representing Arthur Padmore from the Public Advocate's Office:

John Citrolo
Sally Buttner
Bo Shen

Technical Consultant:

Ralph Nigro, Applied Energy Group

Task Force Staff:

Jason Houck
Becky Walker
Eric Partyka
Jackson Schreiber

Public Relations Staff:

Bridin Reynolds

Minutes:

Senator McDowell thanks all of you who were able to attend the Sustainable Energy Utility Task Force meeting on Monday, and he apologizes for any scheduling inconvenience for those who had outstanding commitments.

Senator McDowell provided an overview of the current energy situation in Delaware and in the U.S. It was noted that competitive sustainable energy services offer economic savings for customers and positive local economic multiplier effects from decreased dependence on imported energy. Delaware's need for increased competition in the end-use energy sector was identified as the key to lower energy costs, especially for residents and small-to-medium-scale businesses. The creation of a Sustainable Energy Utility in Delaware was proposed to provide competitive sustainable energy services not offered by utilities or the current energy markets.

Senator McDowell, and later Dr. Byrne, defined sustainable energy services as end-user energy efficiency, customer-sited renewable energy, and low-income energy assistance offered in electricity markets, but also more broadly -- including natural gas and clean vehicles.

Senator McDowell then led a brief overview of the Briefing Book prepared by Task Force staff and researchers at the University of Delaware's Center for Energy and Environmental Policy (CEEP). Regarding Section C of the Briefing Book, the proposed Task Force Mission Statement, Senator McDowell emphasized that the mandate of the Task Force is twofold: 1.) to provide model legislation creating a new type of utility – a sustainable energy utility that will offer competitive end-user sited energy efficiency and renewable energy services; and 2.) to provide model legislation creating a solar lifeline. Senator McDowell explained that he will propose the specifics of his lifeline idea in future meetings. Senator McDowell underscored the importance of competitive markets by highlighting New Jersey's market for RECs (renewable energy certificates), which was established by a solar carveout in New Jersey's renewable portfolio standard.

Senator McDowell explained that Delaware has a need for, and the potential, to achieve large end-user efficiency savings on the order of 30-35% of a customer's energy consumption. He challenged the Task Force to identify programs that can provide gains in energy efficiency and to enable residents and businesses to install renewable energy technologies on-site (including solar thermal, photovoltaic, geothermal, and other site-appropriate options).

Dr. Byrne then reviewed the Briefing Book in more detail. He indicated that the document places Delaware's energy challenges within the context of other state strategies to provide sustainable energy services. Dr. Byrne emphasized that states can create energy efficiency savings at a cost between 2-5 cents per kilowatt-hour, while the retail cost for new electricity is typically 10-15 cents per kilowatt-hour. He similarly remarked that at a cost of 8-12 cents per kilowatt-hour states can encourage customer-sited renewable energy generation. He noted that the six states highlighted in the Briefing Book – California, Connecticut, Massachusetts, New Jersey, New York, and Vermont – annually spend nearly \$900 million on energy efficiency strategies, close to \$400 million on incentives for end-user renewable energy utilization, and nearly \$1.8 billion (including federal funds) on low-income energy services. As a result, these states are experiencing competition for sustainable energy development.

Dr. Byrne gave an overview of Briefing Book Section G – Sustainable Energy Services Program Models – to explain that states have used two program models to deliver sustainable energy services. One model relies on public service commissions to regulate utility-administered programs; the second model (initially established by Vermont and recently adopted by New Jersey) relies on public service commissions to oversee a competitively-selected, third-party administrator that delivers sustainable energy services. Ralph Nigro, technical consultant to the Task Force, discussed the two models in some detail. He noted that Vermont utilizes a nonprofit corporation, which accepts competitive bids to provide sustainable energy services.

The Task Force Members present agreed upon two future meeting dates:

Meeting 2: 1:00 pm on Tuesday, November 28th, Senate Hearing Room, Legislative Hall, Dover. Preliminary agenda: Dr. John Byrne will lead a review of the

state energy efficiency and renewable energy best practices presented in the Briefing Book.

Meeting 3: 12:00 noon on Tuesday, December 12th, University of Delaware, Newark, Location TBA (likely the Marriott). Lunch will be provided. Proposed agenda: Dr. Byrne will lead a discussion of two sustainable energy service administrative models that other states have adopted. He will also discuss the low-income energy services best practices presented in the Briefing Book.