

**Delaware Sustainable Energy Utility**  
Meeting of the Oversight Board  
Office of Murphy & Landon, P.A.  
1011 Centre Road, Suite 210, Wilmington, DE 19805  
September 17, 2015 – 9:00 A.M.

**Welcome**

Chairman Senator Harris B. McDowell, III called the meeting to order at 9:10 AM. Members present were Joseph Schorah (teleconference), Pamela Bakerian (teleconference), Dave Bonar, Robert Underwood (Proxy for Secretary David Small), Sean Finnigan, Nnamdi Chukwuocha (teleconference), and Trey Paradee (teleconference). Also present were Tony DePrima, Frank Murphy, SEU General Counsel, Suzanne Sebastian, and Lisa Gardner.

Members Absent: Kristopher Knight, Secretary David Small, Charles Wagner, and Ismat Shah.

**1. Approval of Minutes - Oversight Board – July 16, 2015 - Mr. Bonar moved to approve the above minutes, seconded by Mr. Underwood and unanimously carried.**

**2. SEU Business**

**a. Pre-Qualified ESCO’s Extension of Qualifying Period -** In October of 2009, the Delaware Sustainable Energy Utility (SEU) initiated a pre-qualification process through a Request for Qualification (RFQ) for the Performance Contracting Program for the Performance Bond Program. Energy Service Contractors (ESCOs) who pre-qualified for this program became a part of a pool of contractors who could make proposals to state, municipal, non-profit and other institutional participants without having to go through any further advertising/selection process. Firms that submitted RFQ’s were reviewed and approved through a process lead by AEG.

In November of 2012, the Board approved extending the status of “prequalified” ESCO’s through November 2015. A list of those contractors are as follows: Schneider Electric, NORESKO, Siemens Building Technologies, The Efficiency Network, Inc., Ameresco, Energy Systems Group, Honeywell Building Solutions-SES, Johnson Controls, Trane, CM3 Building Solutions Inc., Opterra Energy Services (formally Chevron), PEPCO Energy Services, McClure Company, ConEdison Solutions, and Constellation Energy Project & Services.

After much discussion, it was the consensus to approve the companies that wish to continue their pre-qualified status with the SEU for a two year period; through November 2017.

**The motion to extend the pre-qualified status through November 2017 was made by Mr. Bonar, seconded by Mr. Finnigan, and unanimously carried.**

**b. Technical Advisory Services for 2016 Bond Issue Preparation – Celtic Energy –** Now that that the Markell Administration is in support of an Energy Efficiency Bond Issue in 2016 (for approximately \$75 Million) Mr. DePrima stressed the importance of improving the Energy Savings Performance Contract (ESPC) process. To assist in the discussion, he introduced Mr. Chris Halpin (CEO for Celtic Energy) and Mr. Paul Carter (NORESKO), which is a pre-qualified ESCO that performed one of the largest contacts in the last Bond Issue.

Below are some of the identified improvements to be made:

- Establish uniformed approach to utility escalation rates

- Standardize a method for utility baseline development
- Establish uniformed job creation metrics
- Establish uniform weather normalizing methodology
- Require each project to support 1 to 2% fixed program management fee fund, to be paid from bond proceeds, for technical support services
- Establish uniform savings reporting in dollars and units of energy and water
- Provide guidance on using PJM Energy Efficiency Credit (EEC) as a revenue stream
- Develop uniform document flow and review protocols including utility data, IGA site data, design drawings, construction meeting minutes, Measurement and Verification (M&V) and reporting
- Require access to utility data directly from utility providers to ESCOs and SEU, possibly direct access to utility providers
- Develop minimum criteria and prioritization criteria for project selection
- Establish guidelines using International Performance Measurement and Verification Protocol

To facilitate completing these tasks in a timely manner and with the best expertise available, we are requesting that the Board approve the attached Scope of Work proposed by Celtic Energy. Celtic Energy is already under contract with the SEU for technical services and Celtic Energy is a leader in providing guidance on ESPC programs at the state and federal level. The Scope of Work calls for Celtic to work with the DESEU and representatives of OMB, ESCO's, and the Finance Department to develop best practices with respect to the above issues. The final product will be a revised ESPC Program Guidebook. Celtic will also provide comments on other standard documents. The current Guidebook was published in 2010 and is out of date. The cost of the proposed work is capped at \$54,000.

**A motion to approve the scope of work to be performed by Celtic Energy was made by Mr. Bonar, seconded by Mr. Finnigan, and unanimously carried.**

**c. Green For Green Request for Additional Funding** – Mr. DePrima introduced Mr. Howard Fortunato, Executive Director of the Home Builders Association of Delaware (HBADE). The HBADE has been our partner in the Green For Green program since its inception. When the Green For Green program was re-started, a reservation system was put in place to monitor the budget. In the early part of August, enough applications were received to deplete the current fiscal year budget. At that time the program was suspended. The surge was due to a large increase in new home construction sales and an increase in builder participation.

The HBADE surveyed the builders to find out that there is approximately 65 homes under contract that were in the process of submitting for a Green For Green rebate application. To accommodate these home buyers, an additional \$250,000 would need to be allocated. In addition, we have two active "Habitat for Humanity" Chapters who we estimate can use an additional \$50,000, bringing the total increase to the budget in the amount of \$300,000. Therefore, we are requesting the Board approve an increase to the Green for Green budget from the original amount of \$600,000 to \$900,000. Mr. DePrima reminded the board that there is no contractual obligation on our part because the applicants are clearly advised that funding is based on budget availability. However, we believe that funding the remaining contracted homes will create a smooth transition to our new program and continue the good relationships we have established with home builders. There are more than sufficient funds available for this increase in funding.

In an effort to accommodate the increase in applications, it was recommended to increase the requested amount of funds from \$300,000 to \$400,000.

**After much discussion, Mr. Finnigan moved to increase the Green For Green budget in the amount of \$400,000, seconded by Mr. Bonar and unanimously carried.**

**d. Community Energy Centers – Scope of Work for Program Design – Philadelphia Energy Coordinating Agency** – Mr. DePrima introduced Ms. Liz Robinson, Executive Director of the Philadelphia Energy Coordinating Agency (PECA). Past discussions have taken place on establishing Community Energy Centers in strategically located areas around the State where they can serve lower income households with services that will help them lower their energy costs. Potential services include: energy education, referral services, energy auditing, and installing energy saving measures directly in homes. Services for low and moderate income households is a priority for the Board, and these community centers would provide the types of services that were recommended in our report on the needs of low and moderate income households in Delaware.

Ms. Robinson indicated that PECA, a non-profit corporation, has been running these kinds of centers in Philadelphia for 30 years. They currently have 14 centers operating in Philadelphia. These centers are operated by selected third party non-profit organizations that are well networked in the communities they serve. The non-profits provide their services under standards and guidelines established and monitored by the PECA.

Mr. DePrima indicated that he and Ms. Sebastian were able to tour one of the centers and while there, they learned that PECA has assisted other jurisdictions around the country in establishing these types of programs. Upon request, Ms. Robinson provided a scope of work for services that would include: Research and Discovery, Program Design, RFP Preparation, Quality Assurance, and Training.

We recommend that the SEU enter into a contract based on the scope of work provided. This would allow the SEU to take advantage of their 30 years of experience in running these types of programs. Entering into a contract with PECA, meets the standards of our sole sourcing provisions established in our Purchasing Policies and Procedures, in that PECA has “specialized experience that cannot be duplicated and has the predominate experts in the fields with specialized knowledge.” The proposed scope of work is capped at \$55,000.

**Mr. Finnigan moved to approve the scope of work provided, seconded by Mr. Bonar and unanimously carried.**

**e. Energy Efficiency Investment Fund Grant – Funding a Cap Increase for Large Projects** – Mr. DePrima indicated that during the May 2015 SEU Oversight meeting, there was discussion lead by Secretary Small on the need in Delaware for a program to help incent large industries that are considering large investments that would significantly reduce energy usage and carbon emissions. After several discussions, the consensus that the best way for large industries to be incented to make large investments would be through the EEIF framework that pays \$0.12 per kWh saved. However, there is an incentive cap of \$1 Million for the program. Our recommendation is that the SEU use RGGI funds to increase the cap up to \$5 Million. EEIF would pay the first \$1 Million, and the SEU would pay the incentive above that amount.

**Mr. Bonar moved to authorize an EEIF cap expansion up to \$5 Million for one year; the motion was seconded by Mr. Finnigan and unanimously carried.**

**f. Solar Resiliency Pilot Program – Update and Authorization to Approve Contract** – As an update Mr. DePrima stated that due to a required long review period by various state offices, public schools were dropped from the Pilot Program. Currently, the following four (4) facilities now comprise the Pilot Program: Aetna Hose, Hook and Ladder (Newark), Delaware Christian Academy (private school in New Castle), Indian River

Fire Company (Millsboro), and Selbyville Fire Station (Selbyville). Due to the drop in participation, the projected loan and incentive amounts have been significantly decreased.

Mr. DePrima stated that the RFP has been advertised with proposals due by the end of the month (September). Due to the timing, a vendor will need to be selected prior to the next board meeting. Mr. DePrima is requesting clarification that the Executive Committee can meet to select the recommended vendor.

**Mr. Finnigan moved to authorize this item be brought to the Executive Committee for recommended action. The motion was seconded by Ms. Bakerian and unanimously carried.**

**g. Consideration of Statements – A motion was made by Mr. Bonar to approve the following statements, seconded by Mr. Finnigan and unanimously carried.**

- i. Murphy & Landon – June and July 2015 (\$2,612)
- ii. NW Financial Group, LLC – July 2015 (\$1,768.75)
- iii. Young Conaway Stargatt & Taylor, LLP – Invoice No. 40384795 (\$8,801.80) and Invoice No. 40384447 (\$3,667.50)

**3. Reports - Executive Director's Reports – Mr. DePrima reviewed the following reports:**

- a. Executive Director's Activity Report – July/August 2015
- b. Program Activity Report – July/August 2015
- c. Budget Report – Ending August 31, 2015

**4. New Business/Old Business – None**

**5. Public Comment**

**A motion to adjourn was passed unanimously at 10:45 AM.**