

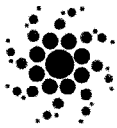
The following is a general summary of my activities:

- **Personnel Policy and Travel Policy** – We developed draft policies and will present them to the Board. This will be the last two policies we will need to apply for our “Standard of Excellence” recognition.
- **Measure, Verification, and Evaluation (MV&E) Study:** A kick off meeting was held on March 5th with Cadmus where we provided an overview of the current programs and better defined the scope.
- **Energy Efficiency Advisory Committee (EEAC)** – This committee was created as a result of SB150\HA2. Its purpose is to guide and develop “candidate programs” for Delaware “energy providers” (utilities) to consider in their required 3 year energy efficiency program plans. Joe Schorah was appointed as the SEU’s second representative. The committee has begun discussing program targets and has taken suggestions for candidate programs from committee members.
- **Low-Mod Income Program Development** – We have begun moving forward with two of the four programs recommended by the Ad Hoc Low-Income Program committee. First, we have received a proposal from Catholic Charities for a SEU funded Pre-weatherization Home Assistance Program. This program will be reviewed at the upcoming Board meeting. Second, we have begun discussions with ICF to develop an Assisted Home Performance with Energy Star Program that will provide greater rebates and lower cost energy audits to income qualified individuals.
- **2011 Bond Issue: Actual Savings Analysis** – This analysis will show actual savings to date from projects funded by the 2011 Bonds. Secretary of State Tom Cook requested this analysis to help determine the efficacy of the program. This study will be completed within the next week and will send copies to members of the Board. We are planning to present the findings to Secretary Cook later this month. The study has found that the actual energy savings are on target to meet and exceed project savings around 2%.
- **Exelon-Pepco Holdings Merger Intervention** – Our effort to intervene are now complete, and the matter will go to the PSC next month for approval. Our stipulated agreement does the following: 1) Proceed in a good faith effort to determine whether the SEU can and should cost effectively run DPL energy efficiency programs; 2) agreed that SEU will be the clearinghouse of information; 3) agreement regarding marketing support for our programs; 4) an agreement to further study on-bill payment services; 5) agreement to cooperate with a study of LED lighting tariffs and financing; 6) provide saving analysis assistance; 7) a clear process for renewable energy interconnections with some specific agreements regarding battery backup systems.
- **Net Zero Energy Manufacture Home Study** – Phase I of the study has been completed and will be presented to the Board at March’s meeting along with a proposal for the second phase of the study.
- **Home Performance with Energy Star for Downtown Development Districts** – The State recently established official “Downtown Development Districts” in Wilmington, Dover, and Seaford. A number of special programs have been set up for these districts. We launched a modification of our HPwES program in support of this effort. Within these districts we are increasing rebates, reducing the cost of audits, and expanding the program to small mixed use buildings.

- **Faith Efficiency Program** - I have agreed to fund a small pilot program in partnership with Interfaith Power and Light that is both an audit program for small and medium Houses of Worship (HOW) and a marketing program for our Home Performance Program and our Low Interest Low Program. For less than \$10,000 Interfaith will work with 14 houses of worship by conducting an audit, getting them started on Energy Star Portfolio Manager and counsel them on grants and the SEU Low Interest Loan Program. In turn, they will host an education workshop about the SEU's Home Performance Program for their congregation and community.

Program Updates

- **Home Performance with Energy Star:** To date, 400 audits are completed, this 125 more than last report; 111 jobs are complete, up from 65 jobs in the last report.
- **Green for Green Program:** 167 rebates paid to date. We have paid out \$528,500 in rebates. The program appears to be on target for fully realizing its budgeted allocation.
- **Low Interest Loan Program for Businesses and Non-profits.** We have closed on \$499,000 for financing a solar array the project is complete and are now receiving loan payments. We closed on a \$480,000 light project for an office park; the project is now under construction. We also have an \$898,260 loan for energy efficiency improvements in a Wilmington Office Building that is moving towards closing. We have two new applications one for a lighting project in Dover and small Solar Project in Kent County. .
- **Energy Assessment Program for Business and Non-Profits.** We have completed twenty two (22) assessments. Most recently the City of New Castle Municipal Service Building and the Milford Community Center. Thus far the assessments have discovered \$648,000 in annual energy savings.
- **Green Ribbon Schools Pathway Program.** The eight (8) pilot schools have completed their audits. The audits discovered \$398,811 in potential utility bill savings equivalent to 16,695 MMBTU of energy use. The school will be wrapping up there sustainability projects and we will be schedule the award for later this year.
- **DCIC-SEU Loans for Non-profits and Low Income Communities.** We are nearing completion on our review of a \$2.5M loan application for a large non-profit. It is now going through final underwriting reviews.
- **Upfront SREC Purchase Program** – Of the \$1.5 million reserved for this program 60% or \$904,000 has been reserved by applicants. We started purchasing SRECs in December 2014.
- **Agricultural Marketing** – Marketing material has been developed and Ensave has begun contacting agricultural producers in Delaware, they have access to over 100 farms with completed audits. We have found some interest in our loan program particularly for producers who have been award USDA grants but are need access for bridge financing.
- **Solar Plus Resiliency** – We received 15 applications from a number of fire companies, schools, and a police station. These applications are being screened and site visits will be scheduled this month.
- **Green Banking** –The Coalition for Green Capital has completed their Phase 1 “legal and regulatory” review. The results will be presented during the March Board meeting. The purpose of the review is to determine what opportunities and barriers exist in Delaware for the SEU to form a “Delaware Green Bank” as a subsidiary corporation.

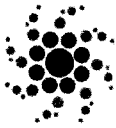


The following is a general summary of activities:

- **Annual Report** – We published our first Annual Report; it includes a financial statement, program data and testimonials, energy savings data, and 2014 accomplishments. This was a team effort that included me, Lisa, and Mitch Topal (our PR consultant), and Robin Coventry who covered for Lisa during her leave.
- **Hiring and Office Move** – Suzanne Sebastian has been hired as our Program Manager. Suzanne lives in Delaware, has over twenty years of energy program management experience with the State of Delaware, mostly recently running the Green Energy Grant Program. She is well networked in Delaware and was the most enthusiastic candidate of several well qualified candidates. We have also found new and larger office space in Dover at the Duncan Center at 500 W. Lookerman, Suite 400.
- **Measure, Verification, and Evaluation (MV&E) Study** - The study is well underway. Program documentation has been reviewed and interviews with program stakeholders have been conducted. Cadmus staffers are in the process of developing the program evaluation tool, program portfolio plan template, and program targets.
- **Energy Efficiency Advisory Committee (EEAC)** - The committee continues to discuss candidate programs, the EMV regulations, and 3 year portfolios for utility funded energy efficiency programs. We continue to advocate a central role for the DESEU.
- **Pre-weatherization Program** – As directed by the Board we met with Catholic Charities to discuss possible budget reductions; we had a successful meeting during which we identified several areas for cost savings, but we did conclude that the program will need two full time employees. I am expecting a revised contract and budget in May. The plan is to start the program in the fall.
- **Assisted Home Performance with Energy Star Program** – A program modification to our Home Performance Program has been developed that will enable it to better serve low and moderate income people. It will serve families with incomes just above the cut off for weatherization. This program will offer \$50 audits and higher rebates. The proposal will be discussed at the May 21, 2015 Board meeting.
- **2011 Bond Issue: Actual Savings Analysis** – Phase I of the study was completed and presented to Delaware Finance and OMB officials. A copy was also given to the Governor. The study has found that the post construction actual energy savings are on target to meet and exceed project savings by about 3%. We are now completing the Phase II which looks at actual billing data. So far Phase II is validating Phase I.
- **Governor's Meeting** – Leaders of DE Chapter of the Energy Service Coalition (ESC) met twice with Governor Markel to discuss the future of financing Energy Saving Performance Contracts for public agencies and school. The April meeting was a breakthrough. The Governor asked Secretary Cook lead a team to develop a "Green Light" letter to set forth parameters for bond issue that he could support. The amount tentatively set at \$50M, and discussions are to include the use of RGGI funds to support the program as well as other financing mechanisms.
- **Exelon-Pepco Holdings Merger Intervention** – Our effort to intervene are now complete, and as stated in my last report we met many of our goals. This now goes before the PSC and is still pending.

Program Updates

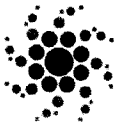
- **Home Performance with Energy Star:** Through March of 2015, 471 audits were completed, this is 71 more than last report and 138 jobs are complete. We launched our Downtown Delaware HP program and had have had a few audits as a result.
- **Green for Green Program:** 192 rebates paid to date. We have paid out \$602,500 in rebates. The program appears to be on target for fully realizing its budgeted allocation.
- **Low Interest Loan Program for Businesses and Non-profits.** We closed on a \$48,000 loan for a small solar system in Dover. We received the commitment letter and fee for the \$898,260 loan for energy efficiency improvements in a Wilmington Office Building. We are moving toward getting a \$467,076 commitment letter for a loan for lighting project for an office park in Dover.
- **Energy Assessment Program for Business and Non-Profits.** We have completed twenty three (23) assessments. Most recently Christina Cultural Arts Center, Buena Vista, and Christian Church Center. Thus far the assessments have discovered \$648,000 in annual energy savings.
- **Green Ribbon Schools Pathway Program.** This year's program is now complete. Senator McDowell and I attended the award ceremony at Mt. Pleasant Elementary School which won a \$10,000 award for most sustainable school. The eight (8) pilots have completed their audits. The audits discovered \$398,811 in potential utility bill savings equivalent to 16,695 MMBTU of energy use.
- **DCIC-SEU Loans for Non-profits and Low Income Communities.** We have completed our engineering and underwriting review of a \$2.5M loan application for a large non-profit. We are now in the process of lining up partner banks.
- **2014 SREC Auction** – The auction was held on April 29th. This was our third successful auction on behalf of Delmarva Power. All tiers were filled and Delmarva Power opted to accept an additional 3,000 SRECs above the original 9,000 in the base solicitation. The overall weighted average price was \$67.67 which was slightly lower than last year.
- **Upfront SREC Purchase Program** – Of the \$1.5M reserved for this program 85.6% or \$1.3M has been reserved by applicants. We have paid \$32,861 for SRECs from 8 systems that are calculated to generate 97.28 MWh of power per year.
- **Agricultural Marketing** – Ensave has reached out to 119 agricultural producers in Delaware, and have interest from 39 of them, of those 18 waiting for confirmation of USDA grant, and 3 are interested in applying for DESEU loans. Of those contacted, 21% of those are not interested in loans, and we are still trying to make contact with 33% of the producers.
- **Solar Plus Resiliency** – We received 15 applications from a number of fire companies, schools, and a police station. After screening and visiting sites we have selected four (4) participants: three (3) schools, and one (1) fire company. Together they represent 3MW of solar generation. The program details will be presented to the Board in May; we are seeking approval to move toward an RFP for the solar developer.
- **Faith Efficiencies** – This program has now launched and Interfaith Power and Light is accepting applications and is well on its way to providing assistance to 14 houses of worship.
- **Green Banking** –The Coalition for Green Capital is now working on Phase II by interviewing energy program managers and financing stakeholders from around the state.



Executive Director's Report

May – June 2015

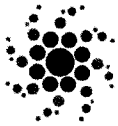
- **Annual Report** – Our first Annual Report (2014) was published and distributed to Governor Markel and the Legislature in accordance with state law.
Hiring and Office Move – Suzanne Sebastian joined the DESEU team as the Program Manager on June 1, 2015. We have also moved into our new and larger office space in Dover at the Duncan Center at 500 W. Lookerman, Suite 400.
- **Measure, Verification, and Evaluation (MV&E) Study** - The Cadmus study is well underway. Cadmus staffers are finalizing the program evaluation tool, program portfolio plan template, and program targets. Some recommendations will be presented at the July Board meeting.
- **Energy Efficiency Advisory Committee (EEAC)** - The committee continues to discuss candidate programs, the EMV regulations, and 3 year portfolios for utility funded energy efficiency programs. Recently discussions have turned to the appropriate model for program delivery.
- **Pre-weatherization Program** – A budget has been agreed to. A draft contract has been developed and is being reviewed by Catholic Charities. The goal is to still start in the Fall, progress has been slow.
- **Assisted Home Performance with Energy Star Program** – This program has now been designed and funded. We are working on launching the marketing and education aspects of the program.
- **2011 Bond Issue: Actual Savings Analysis** –Phase II of the study is now complete. Phase II looked at actual billing data. So far, Phase II is validating the Phase I conclusion that the work funded in 2011 is saving more than anticipated, overall about 3% more.
- **Second Bond Issue** – I previously reported in April that Governor Markell asked Finance Secretary Cook to develop, with the SEU, a “Green Light” letter to set forth parameters for a second bond issue. Since then I’ve had one meeting with OMB to discuss how the second round of performance contracts can be improved. We have not had a meeting with the Finance team yet.
- **Chase Center ESPC loan** – We have been working with the Chase Center on funding a \$2.7 million dollar energy performance contract through the Delaware Community Investment Corporation. The DCIC works with banks to fund projects that meet Community Reinvestment Act requirements. We believed the Chase Center was a good candidate for this funding because it is located in a redevelopment area; however, jobs and services for low and moderate income people was not strong enough for Banks. Because this is a solid project from an energy savings and financial risk perspective, I decided to take this through our own loan committee later this month for possible financing.
- **Solar Resiliency Pilot Program** – The RFP for solar developers has been delayed because we learned that any projects involving public schools must go through a review with OMB. After several meetings it was decided that the OMB process is too long so we dropped the two public schools and substituted two additional fire companies. We hope to now have the RFP out in August.
- **Green Banking Study** –The Coalition for Green Capital is finalizing their Phase II study; they have completed their stakeholder interviews and review of energy financing programs. I expect a report in July or early August.
- **Net Zero Energy Manufactured Housing Study** – The project has not started, but we are planning a possible trip to Vermont to review their program and product.



Executive Director's Report

July – August 2015

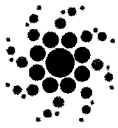
- **Cadmus MV&E Study** - The Cadmus study is nearing completion. Cadmus staffers have completed the pilot program evaluation tool and the program portfolio plan template. They are now completing the Program Operating Plans. Their draft recommendations were presented at the July Board meeting. They are now finalizing the recommendations.
- **Energy Efficiency Advisory Committee (EEAC)** - The committee has now approved energy saving targets for Delaware and a portfolio of candidate programs. The Portfolio includes a wide array of potential programs for the Utilities to choose from. It is expected that the utilities will return with their proposed portfolios by the end of the year. I have been in discussions with all the utilities regarding how the SEU can fit into their plans. I think the EEAC activities should be a major focus of our November meeting.
- **Pre-weatherization Program** – We now are under contract with Catholic Charities; they are in the startup phase of this program and hiring necessary staff. We plan on having the program up and running in October.
- **Assisted Home Performance with Energy Star Program** – This program has now been designed and funded. We are on the marketing and educational aspects of the program. The last piece prior to program launch, is a contract with Catholic Charities to do the income verification.
- **2016 Bond Issue** – In April, Governor Markell asked Finance Secretary Cook to develop, with the SEU, a “Green Light” letter to set forth parameters for a second bond issue. Since then, the letter has been drafted and is under review. In addition, a target of a \$75 Million bond issue has been agreed upon. A number of processes and technical improvements have been identified. I will be asking the Board at the September meeting to approve funding for technical services to help us determine the best practices to implement those improvements.
- **Chase Center and Christina School District ESPC loans** – The loan committee approved a loan for the Chase Center in the amount of \$2.7 million for an energy savings performance contract. We expect the loan to close in the next week. In addition, a loan for Christina School District in the amount of \$5.3 million was also approved, we expect this loan to close with the next month.
- **Solar Resiliency Pilot Program** –The RFP will be issued in September. The release was delayed due to a problem with site visit schedules. A full presentation on the status will be made at the September board meeting; the scope and cost are significantly reduced due to removing the public schools from the Pilot.
- **Green Banking Study** –The Coalition for Green Capital is finalizing their Phase II study; it should be published within the next week. We will make the results a focus of the November board meeting.
- **Net Zero Energy Manufactured Housing Study** – Phase II of the study has now kicked off; a draft outline has been approved along with a stakeholder engagement plan. Three board members and I will be traveling to Vermont in October to learn more about how NZE-MH is being built and implemented.
- **ESC Delaware Energy Conference** – We are once again going to be a sponsor for the Delaware Energy Conference that is put on by the Delaware Chapter of the Energy Services Coalition. Please consider signing up for the conference; it will be held at the Chase Center on October 21, 2015.



Executive Director's Report

September and October 2015

- **Pre-weatherization Program** – We are under contract with Catholic Charities; the startup phase has begun. However, it is taking longer than expected to staff up. In the interim, they have been going through the process of reviewing deferred applications and selecting good candidate households. The next big step will be signing up contractors who will work with the program.
- **Assisted Home Performance with Energy Star Program** – This program is now ready to launch. A marketing strategy has been approved; we have addresses of targeted households that will receive marketing material. We will also collaborate with social service organizations to help market the program. Catholic Charities has been contracted to do the income verification and intake.
- **2016 Bond Issue** – The 2016 Bond Working Group continues to work on the ESPC Guidebook update. Celtic has also completed their review of the GESA and other documents. A draft RFQ for Independent Owners Representative services has been drafted and will be presented to the Board. Since the “Green Light” has been sent out, we have had 6 school districts express interest, as well as several State agencies. I have also reached out to our Bond Counsel and Financial Advisor to get them started on preliminary work.
- **Chase Center and Christina School District ESPC loans** – Both of these loans closed, and it was a record month. We closed over \$8.2 Million in Energy Efficiency Loans.
- **Solar Resiliency Pilot Program** – This program has taken a turn for the worse. We received only one proposal to the RFP, and it was priced far above all projections. I am working with the Gable team to determine what alternative paths are possible, if any. I hope to give the Board some options in January.
- **Green Banking Study** – The Coalition for Green Capital is finalizing their Phase II study; it is going slower than planned; it should be published within a few weeks. I will make the results a focus of the January Board meeting.
- **Net Zero Energy Manufactured Housing Study** – Phase II of the study has now kicked off; Dr. Shah, Mr. Schorah, and I traveled to Vermont to see the manufacturing operation; we visited some NZEMH home owners, and learned in detail how the Vermont program operates. The first Delaware stakeholder meeting was held in October, and VEIC is now meeting one on one with targeted stakeholders.
- **Community Energy Center Study** – We entered into a contract with the Energy Coordinating Agency (ECA) of Philadelphia to do a feasibility study for establishing Community Energy Centers in Delaware. The ECA has begun collecting data and has started doing stakeholder interviews.
- **Chesapeake Utilities** – We are currently in discussions with Chesapeake Utilities about becoming an energy efficiency program provider for them. This is a part of their effort to comply with the new “Energy Efficiency Expansion” requirements. Our discussions are focused on how we can increase their customer participation in our Home Performance Program through increased incentives and increased marketing that they would pay for.
- **Farm Loan\Grant Program** – I signed a small contract with Ensave to design a program for farms that would complement\supplement some federal programs that exist here in Delaware, but lack sufficient funds. Once the design is complete, I will schedule a Program Committee meeting to review it.



Executive Director's Report

November/December 2015

- **Pre-weatherization Program** – This program is now fully staffed by Catholic Charities and launched. Applications are now being processed for low income individuals requiring necessary home repairs in advance of weatherization assistance. We will start reporting performance measures for this program on our next Program Activities Report
- **Assisted Home Performance with Energy Star Program** – This new program is now up and running, marketing through a direct mail campaign started in December. We will start reporting performance measures for this program on our next Program Activities Report
- **Cadmus Evaluability Study** – We are expecting the final report mid-January, we have been working closely with the Cadmus staff on the final details and recommendations. We are using data from this study to project our activity for the next three years and we are sharing those projections with the Energy Efficiency Advisory Committee to assist them in developing statewide energy savings projections.
- **Webpage Improvements** – We have added a “Your Utility” page to our website in an effort strengthen our position as the “one stop shop” for information on energy efficiency and renewable energy. The page links to programs offered by the electric and gas utilities. We are also in the process of developing a “Your Farm” page.
- **2016 Bond Issue** – The 2016 Bond Working Group and our Bond Counsel are finishing up their work on the updated ESPC Guidebook and Bond Documents. We have a contract with George McDowell to assist school districts through the decision process.
- **Solar Resiliency Pilot Program** – Last month we reported that we received only one proposal to the RFP, and it was priced far above all projections. We have decided to work with this company to see if the project can be altered into something that is cost effective. The extension of the Federal Tax credit gave us an opportunity to continue with the project.
- **Green Banking Study** – The Coalition for Green Capital Phase II study is now complete. A presentation will be given to the Board in January.
- **Net Zero Energy Manufactured Housing Study** – Phase II of the study is nearly complete; draft recommendations are being reviewed. Once we have an acceptable draft, we will return to the Energy Program Committee for review.
- **Community Energy Center Study** – We entered into a contract with the Energy Coordinating Agency (ECA) of Philadelphia to do a feasibility study for establishing Community Energy Centers in Delaware. They have now completed their stakeholder meetings and are working on their analysis and recommendations. We hope to have something for the March meeting.
- **Farm Loan\Grant Program** – We have received a program design for Agricultural Producer Program that combines grants, loans, and audit services. The program is designed to be compatible with existing programs offered by the USDA. We are currently reviewing the proposal and will seek input from the agricultural community and our own Program Committee.