

Delaware Sustainable Energy Utility
RETREAT WORKSHOP
Minutes of the Meeting of the Oversight Board
661 S. DuPont Hwy, New Castle, DE 19702
July 19, 2012 at 9:00 A.M.

1. Welcome

Chairman Harris B. McDowell, III called the meeting to order at 9:20 A.M. Present were Dennis Williams, Michael Sheehy, Sean Finnigan, Dr. Charles Wagner, Kristopher Knight (teleconference), Roger Jones (teleconference), Secretary Collin O'Mara, Anthony DePrima, and Lisa Gardner. Also present were Frank Murphy, Legal Counsel and Kelly Huff - Legal Counsel.

2. SEU Business

a. Approve Legal Service Contract

Dr. Wagner moved to approve the Legal Services Contract, awarded to Murphy and Landon, seconded by Mr. Finnigan and unanimously carried.

b. Adoption of Responsible Contractor Policy

Mr. Frank Murphy referred to Page 1, Section 1 of the Responsible Contractor Policy; the last sentence currently states that shall there be a conflict between the provisions of the policy and state law; the policy shall prevail. That is not an appropriate provision and should be stricken from the proposed policy.

Dr. Wagner moved to adopt the Responsible Contractor Policy, as amended, seconded by Mr. Finnigan and unanimously carried.

3. Retreat Workshop

a. Power Point Presentation – Discussion of Future Programs

Mr. DePrima welcomed all those in attendance and presented a Power Point presentation (**Attachment 1**). It was the direction of the board to have the Energy Programs Committee to meet and discuss the presented options.

Senator McDowell suggested the SEU hold its next regular meeting on September 20, 2012 in Dover.

4. Public Comment

5. Adjourn

Prior to adjournment, the Board received public comments and questions raised by various members of the public.

Mr. Williams moved for adjournment, seconded by Mr. Finnigan and unanimously carried.

Meeting Adjourned at 10:50 a.m.

2012 SEU Program Planning Workshop July 19, 2012

Delaware
Sustainable
Energy Utility



Today's Goal

- ▶ Strategically select 5 to 8 programs for the Staff and Energy Committee to further research and design for Board approval and implementation by 2013.



Today's Agenda

- ▶ Background – 20 minutes
- ▶ Program Strategies – 30 minutes
- ▶ Programming Roundtable – 1 hour



Legislative Goal



Delaware Energy Act Sect. 8059(c)(1)

“The SEU program shall design and deliver comprehensive end-user energy efficiency and customer-sited renewable energy services to Delaware's households and businesses.”



Energize Delaware Rebate Programs

2009 - 2011 (Partial)

Incentive Programs	Rebates 9/30/11 (1)	Contractor Expenses 9/30/11 (1)	Rebate \$ per Admin \$	Participa- tion as of 8/31/11	Participation per \$1000 spent	Lifetime \$ Saved by Participants as of 8/31/11	Lifetime Savings per Program \$	Lifetime Metric Tons of CO2 avoided as of 8/31/11	Metric Tons of Savings per 100 Program \$
Appliance Rebate Program (2)	\$1,089,660	\$561,882	\$1.94	16004	10	\$8,815,744	\$2.81	19,921	1.17
Small Business Efficiency Lighting (2) became Efficiency Plus Business Summer 2010	\$684,544	\$985,584	\$0.78	168	0.10	\$58,225,797	\$35.94	288,920	14.75
Home Performance with Energy Star	\$2,084,926	\$1,049,642	\$1.99	8406	1	\$14,085,876	\$4.48	49,181	1.57
Green for Green	\$257,000	\$17,821	\$14.42	65	0.24	\$767,235	\$2.79	2,182	0.79
Residential Lighting Rebates	\$970,741	\$466,841	\$2.08	1013015	704.91	\$97,007,024	\$25.75	200,289	18.94
Total	\$5,086,872	\$3,080,770	\$1.68	1082658	127.21	\$118,851,676	\$14.08	509,898	6.28

Energize Delaware Loan Programs

Lending Programs

Loans Made

Business Lending

\$376,643

Multi-family Low Income Lending

\$517,403

Residential Lending

\$341,403



The 2011 Energy Efficiency Revenue Bond Series

- ▶ Utilized the SEU's unique tax exempt bonding authority
- ▶ The Bond Raised \$72.5M in private funds to finance Energy Efficiency in public buildings
- ▶ Projected energy savings over 20 years of \$26.7M net of \$6M in M & V expenses and the State of Delaware's \$11.2M Capital Contribution
- ▶ SEU will receive an average of \$35,000 annually in administration fees over ten years
- ▶ Estimated to create 866 construction related jobs

Source of Revenues and 2012 Annual Estimates

2012

RGGI Proceeds	\$3,634,367	- Ends Dec. 2014
Bond Admin Fees	40,461	- Avgs \$35,000 over 10 yrs.
1201 N. Market LLC (Principal)	56,353	- Ends Dec. 2014
1201 N. Market LLC (Interest)	3,910	- Ends Dec. 2014
Auction Admin Fees	31,120	- 20 yrs.
Interests Income	<u>12,000</u>	
	\$3,778,211	

We can Expect Similar Income in 2013 and 2014

Going Forward

Assuming \$3.5M expense budget, we can expect 2 years of operations based on current 2013 and 2014 income plus 2 - 3 years based on current cash reserves.



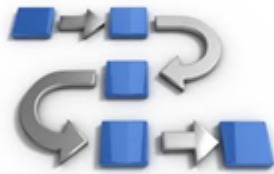
And by the way...

\$3.5M annual budget is not going to reduce Delaware's energy consumption by 30% by 2016, per the Energy Act.



If the SEU is going to last beyond 2016 or 2017, we have to change the way we do business.

- ▶ We should start by thinking strategically and we need to start now with programs.
- ▶ Next, we should think about new lines of business



Traditional thinking is all about "what is." Future thinking will also need to be about "what can be."

~ Edward de Bono
(Maltese physician, author, inventor and consultant)

Strategy #1 Pick *Effective* Programs

- ▶ Do the programs that deliver solid savings in Dollars, Energy Consumption, and Green House Gas Emission?
- ▶ Do the programs - hit our statutory target and mandates?
- ▶ We should learn from best practices in other states!

Strategy #2

Pick Programs that will *Sustain* the SEU

- Can they provide fees for services such as SREC banking fees, SREC auction fees, bond administration fees?
- Is there potential from loan programs that return principle and interest over time?
- Is there a potential from grants?
- Can it raise private capital?
- Can it be delivered at a relatively low cost?



Strategy #3

Pick Programs that are *Unique*

We cannot afford to duplicate or compete with existing programs.



For example: The State Energy Office Administrate the \$5M per year Energy Efficiency Investment Fund, there is no reason for the SEU to run the Energy Efficiency Plus Program again.

Strategy #4

Pick Programs that can be *easily Administered & Marketed*

- ▶ Avoid programs with high administration and marketing costs
- ▶ Reduce administration & marketing through strategic partnerships
- ▶ Select programs that self market



Strategy #5

Pick Programs with *Broad Appeal*

- ▶ Will it be available everywhere?
- ▶ Will savings be broadly spread through population?
- ▶ Will it be inherently visible by Delawareans?



Programming Roundtable

The follow programs touch some of our strategies, but we need to narrow the field.



Programs Recommended for Consideration

	Program	Strategic Evaluation (Unique, Broad Appeal, Effective, Low Admin & Market Costs, Sustains SEJ	Red Flags
1	Energy Performance Contract Financing for Public and Non-Profit Building and Project – Tax Exempt Revenue Bond & Loans	Unique; low administration; offers administrative fees; needs substantial private dollars for public investment; substantial energy savings.	Potential high pro-bond marketing costs
2	Home Performance - with Energy Star - Rebates and Loans for Existing Homes	Unique; proven program with solid savings; contractors already trained; self-marketed through auditors and success of former programs; some loan potential; broad appeal/high participation.	Potential high admin costs; potential utility program; high cost
8	New Home High Performance Incentives – Rebates & Loans (AKA-Green for Green)	Unique; proven program; builders already trained; potential partner in DEMBA/low administration; self-marketed through builders.	Narrow participation; lower MMSTU/\$
4	New Home High Performance Incentives for Low and Moderate Income Homes -Habitat for Humanity Challenge	Unique; potential partner in HPH/low administration; bring good recognition with HPH; fits our low/mod target group; no marketing costs.	New program; narrow participation; lower MMSTU/person
5	Small Business Program – Rebate & Loan	Unique; loan potential; only program in commercial space; low marketing through chambers; high savings per \$.	May compete with general business loan programs; high administrative costs; low participation; potential utility program.
6	Energy Performance Contract Financing for Multi-family Low & Mod Income & Community Projects – Direct & Loan Reserve Revolving Loan Program	Unique; loan potential high; potential administrative fees; fits our low/mod income target; potential partner with Delaware Community Investment Corporation/low administrative costs.	Narrow participation; potential high startup costs
7	LED Street Lights Pilot Program - to convert street lights in DEMBC communities to LED lights	Unique; loan potential; potential administrative fees; broad appeal; partnership with DEMBC/low administration costs; self-marketing; proven effective.	New program
8	Green Congregation Challenge –Challenge: Grants/Towards for houses of worship, their congregates, and community who implement and educate energy	Unique; broad appeal; potential partner with Interfaith Power and Light/low administration & marketing; low cost; good for community relations.	New program; unknown effectiveness
9	Competitive Education Grants – Offer small grants to organizations that are willing to offer energy efficiency/Renewable Energy Training and Education for Consumers, Building Operators, Bldg. Designers and Trades, Code Officials, and Community	Unique; potential for broad appeal; relatively low cost program; lower admin cost; potential partners in with various organizations; low/ self-marketing.	New Program; unknown effectiveness; maybe difficult to measure results

Potential Future Programs

- ▶ Commercial/Industrial - Technical Assistance Grants
- ▶ Efficient Technologies Incentives (appliances, consumer electronics, building technologies, Smart Metering, HVAC, water heaters)
- ▶ Emerging Technologies/Applied R & D
- ▶ School - Green School Planning Grant - Incentive for new schools to go LEED
- ▶ Incentives for Electric Vehicles/Mass Transit



Discussion and Questions

We thank you for your attention and now look forward to an open discussion.