

Sustainable Energy Utility Oversight Board Special Public Meeting of the  
Executive Committee of the Board  
Tuesday, August 30, 2011 at 11:30 A.M.  
Holiday Inn Express, I-95 and Route 273  
Newark, Delaware

I. Welcome

The meeting was called to order by Senator McDowell. Present for the Executive Committee were: Senator Harris McDowell, Dr. John Byrne, DNREC Secretary Collin O'Mara, and Roger Jones. Board member Michael Sheehy was also present.

Present on behalf of Applied Energy Group ("AEG") were Michael Marks, the President of AEG, and Ralph Nigro. In addition, Matt Lillard participated by telephone.

Carolyn Snyder participated by telephone for DNREC.

At the beginning of the meeting, Senator McDowell welcomed representatives of the Home Builders of Delaware. Following discussion with members of the public about SEU programs, the Executive Committee considered a motion to enter into executive session. Frank Murphy explained the reasons for the executive session, which were also identified in the agenda that was posted publicly. The motion was approved unanimously.

II. Executive Session

At the outset of the executive session, Ralph Nigro reviewed Applied Energy Group's relationship with the SEU and DNREC and its role as Contract Administrator for the SEU. In connection with the SEU's current programs, he indicated that marketing had ceased, except to update the website. Among other things, he noted that the lighting program had been halted and the business incentives program had been halted.

Mr. Nigro indicated that AEG was implementing a reservation system immediately. Mr. Nigro then reviewed with the Executive Committee a detailed Program Budget Review and Planning document with financial information and financial projections. In addition he discussed the details of the proposed reservation system.

Secretary O'Mara questioned AEG about the current budget for the SEU programs, and the tracking of funds that were being committed to the programs. There was discussion about the fact that the funds which may need to be committed to the incentive programs would substantially exceed the amounts budgeted.

It was pointed out that the programs were successful and popular, which was a positive for the SEU and its programs.

The Executive Committee asked that AEG provide an explanation for the current situation, namely, that AEG was apparently not tracking and was not reporting the amount of the commitments that were being made for the incentive programs. Instead AEG was reporting only the amounts actually expended for incentives as the expenditures were made. This created a situation where the amounts that may have to be committed to the incentive programs would exceed the budgeted amounts.

The motion was made and approved to go out of executive session and return to public session.

A motion to adjourn was approved.