

**Delaware Sustainable Energy Utility Oversight Board
Executive Committee Meeting
Alumni Lounge, Perkins Student Center, University of Delaware, Newark
January, 21 2010
9:30 a.m.**

ATTENDANCE

Executive Committee Members

Sharron Cirillo, Public Accountant
Collin O'Mara, Secretary, Department of Natural Resources and Environmental Control
Senator Harris B. McDowell, III, Co-Chair
John Byrne, Director, Center for Energy and Environmental Policy, Co-Chair
Charlie Smission, ex officio
Roger Jones, Board Member in attendance – Nature Conservancy

Board Staff

Sean Finnigan, Delaware State Senate

Scribe

Peter Olmsted, Center for Energy and Environmental Policy

SEU Contract Administrator

Ralph Nigro

Members of the Public

Jim Black, CAC	Mike Schlegel, Duffield Associates
Wayne Leahy, PEPCO Energy	David Vocci, B&R Construction Services
Ron Marks, PEPCO Energy	Gabriel Velice, B&R Construction Services
Veerendra B.V, PEPCO Energy	John Currie, White Optics
Pat Todd, LWV	Barry Yerger
Becky Fleischauer, Navigator Communications	Mid-Atlantic Renewable Partners
Sally Buttner, Energy Transition Consulting	Jim Pierbohn, Standard Solar
Albert Miller, KW Solar Solutions	Gene Tez, Blue Arrow
Richard Marcus, KW Solar Solutions	Julie Panaro, RLF/Panaro Construction
Jason Halpin, Halpin Engineering	Rachel Marcus, CMI Solar Electric
Finn McCabe, Flexera, Inc.	Coralie Pryde, LWV
Pat Armstrong, Energyscore, Inc.	Brian Gallagher, E3 Energy

I. Welcome

The meeting began at 9:30 a.m. Senator McDowell opened with introductions and outlined the agenda. Sen. McDowell updated the Executive Committee and the public regarding Governor Markell's recent announcement that the State will engage performance-based contract opportunities available through the SEU to upgrade state-owned facilities to achieve energy and water savings.

II. Sustainable Communities Program Update

Dr. Byrne updated the EC on the bids received for the Sustainable Communities RFQ. A total of six completed replies were formally submitted, with an additional two bidders expressing interest in the program. Of the bids received, Dr. Byrne selected two proposals on the merits of substantive programmatic detail and financing capacity for near term action. These bids do not require SEU funding to proceed. Dr. Byrne pointed out that the SEU will continue the conversation with the other four bidders, and will specifically investigate mechanisms to generate financing requested by them.

One proposal selected for consideration comes from PEPCO Energy Services (PES). Their proposal focuses on various DREE (distributed renewables and energy efficiency) techniques applicable to Delaware's large commercial and industrial customers. Extensive data analysis was included in the PES proposal. The company is prepared to provide \$16 million in financing for projects in these sectors. Additionally, PES has pledged to rely upon Delaware based companies and workers to support the execution of their strategies. Dr. Byrne also noted that considering the complications surrounding the current state of the SREC (solar renewable energy credit) market, the bidder should expect to place some SRECs in non-Delaware markets.

The second proposal selected for consideration comes from the Standard Energy Team comprising several business partners — Standard Solar (with an office in Delaware), Pace Global and B&R Construction. Proposing to focus on the residential and small business sector, the bidder has secured financing separate from SEU. The Standard Energy Team has proposed to pursue opportunities within new residential construction as well as in specific commercial districts that present multiple opportunities to engage the retail business and office community. Additionally, the proposal includes the creation of a distribution center that would serve as a technology clearinghouse for its projects. The Standard Energy Team also plans to employ a network of local contractors and installers.

Dr. Byrne reiterated that the SEU will continue conversations with the other bidders and will work to develop opportunities for those interested in the Sustainable Communities program.

Executive Committee members unanimously approved a motion to authorize the Contract Administrator to negotiate with PES and the Standard Energy Team about implementation of their proposals.

III. Contract Administrator Update

Ralph Nigro, Contract Administrator, provided a progress report to the EC regarding current SEU programs. The CA indicated that the Energy STAR Appliance Rebate Program is in the process of transition in response to the DOE's request for rebate programs funded through ARRA dollars to focus upon energy and water savings.

Launched on December 1, 2009, the Commercial and Industrial Prescriptive Lighting program remains in the initial stages of development. There has been modest interest to date, and the CA indicated that there are some promising developments regarding the interest of potential trade allies.

The CA indicated that AMERESCO has been prequalified to participate in the SEU performance based contract program.

The CA updated the EC on the Energy Efficiency Block Grant opportunity that the SEU has submitted to the U.S. Department of Energy in partnership with the City of Wilmington. Structured with an on-bill financing mechanism based upon residents' water/sewer bills, a grant proposal has been submitted to the DOE for \$15 million to make energy efficiency improvements to Wilmington's Market Street corridor. If awarded the grant, it is estimated that this project would leverage approximately \$90 million in private investment. The DOE will inform applicants in March whether proposals have successfully passed the first round of review.

IV. State Energy Coordinator Update

Charlie Smisson informed the EC that the fiscal agent contract has been finalized.

V. Old Business

There was no old business to report.

VI. New Business

Dr. Byrne updated the EC on the process to develop a revolving loan fund for SEU residential, non-profit and public sector programs. In conjunction with the Catalyst Financial Services Group, the CA has been exploring different approaches to develop a revolving loan fund to incentivize energy efficiency measures for these sectors. Dr. Byrne indicated that ARRA funds can be utilized to seed a revolving loan fund, and that prevailing wages are not necessarily required if a homeowner, rather than a contractor, is the recipient of funding. In addition to the structure of a revolving loan fund, Dr. Byrne recommended an initiative to incentivize participation of moderate income consumers (i.e., those just above 200% of poverty).

Dr. Byrne indicated that the initial thought is to develop co-lending arrangements within the residential and multifamily sectors while developing direct lending arrangements with the public and nonprofit sectors. In developing energy efficiency programs incentivized through a revolving loan fund, it will be essential to adopt monitoring and verification procedures similar

to that of the Delaware Weatherization Assistance Program, which include energy audits before and after work is completed and the use of a prequalified contractor network.

Executive Committee members unanimously approved a motion to authorize the Contract Administrator to move forward with Catalyst in exploring revolving loan fund options. The CA will report to the Board for further discussion.

Board member Roger Jones informed the EC that there is pending legislation introduced in the DE General Assembly that would require all 501(c)(3) organizations to complete an annual financial filing with the State Attorney General. The EC will keep an eye on these developments.

VII. Public Comment

John Currie of White Optics informed the EC that they have recently been awarded a DOE grant in the amount of \$1.9 million to conduct research and development for advanced energy efficient lighting systems.

Jim Pierbohn of Standard Solar thanked the EC for the opportunity to participate in the Sustainable Communities RFQ, and looks forward to working with the CA to develop an effective program. Mr. Pierbohn encouraged the EC to continue their pursuit of solutions to resolve the outstanding issues surrounding DE's SREC market.

Barry Yerger of Mid-Atlantic Renewable Partners expressed his concern over the process to select proposals for the Sustainable Communities Program. The EC assured Mr. Yerger that the SEU will continue discussions with bidders to explore additional opportunities.

VIII. Adjourn

The meeting was adjourned at 11:00 a.m.