

**Delaware Sustainable Energy Utility Oversight Board Meeting
Collins Room, Perkins Student Center, University of Delaware, Newark
3:00 p.m., September 17, 2009**

ATTENDANCE

Board Members

Senator Harris B. McDowell, III, Co-Chair
John Byrne, Director, Center for Energy and Environmental Policy, Co-Chair
Sharron Cirillo, Public Accountant
Roger Jones, Delaware Nature Conservancy
Dr. Charles Wagner, Manufacturer of Energy Devices
Charlie Smisson, State Energy Coordinator (ex officio)
Judge Arthur Padmore, Delaware Public Advocate

Board Staff

Lauren Pisapia, On behalf of Frank Murphy, SEU Attorney
Sean Finnigan, Delaware State Senate

SEU Contract Administrator

Ralph Nigro, Applied Energy Group

Scribe

Peter Olmsted, Center for Energy and Environmental Policy

Members of the Public

Scott Bradley, Bestfield Homes	Finn McCase, Flexera Inc.
Richard Marcus, KW Solar Solutions	Bob Maxwell, AERCA
Dale Davis, CMI Solar Electric	Brain Yerger, AERCA
Scott Lynch, DNREC	Jason Halpin, Halpin Engineering & Design
Brian Gallagher, E3 Energy	Aaron Nathans, The News Journal
Sally Thompson	Allen Luzak, JCN Building Science
Jim Black, Clean Air Council	Albert A. Miller, KW Solar Solutions
John Flaherty, LWV	Mike Schlegel, Duffield Associates
Amy Roe, Citizen	Coralie Pryde, DNS
Colin Flaherty	Pat Todd, LWV
Howard Colm, Colm Engineering	

I. Welcome

The meeting was called to order at 9:10 am. Senator McDowell welcomed the Oversight Board members, the SEU Contract Administrator, Ralph Nigro, and the Delaware Energy Coordinator, Charlie Smisson to the meeting. Board Members introduced themselves.

II. Approval of Meeting Minutes

The August 20, 2009 Board meeting minutes were reviewed and approved unanimously. The July 27, 2009 Executive Committee meeting minutes were approved unanimously by members of the Executive Committee.

III. Sustainable Communities Draft RFQ Update

Board member Dr. John Byrne provided an update of the Sustainable Communities RFI draft. The Sustainable Communities Program has been developed and discussed at the previous two Executive Committee meetings. The EC is satisfied with the current draft and recommends that the Board approve releasing the draft for public comment. The EC also recommended, after the period of comment that an RFQ be prepared to attract bidders to develop projects under the Program. The RFQ process will engage a variety of potential contractors for identifying an appropriate mix of services, technologies, and financing ideas for bundling distributed renewables and energy efficiency measures in the residential, commercial and farm sectors.

Following common procedure of the SEU, the draft RFQ will be available for public comment for a 2-week period. After the public comment period is closed, the Executive Committee, in consultation with the SEU Contract Administrator (CA) and State Energy Coordinator, will draft an RFQ as deemed appropriate. Once the final version of the RFQ is released, an open bidding process will commence under which the CA will receive bids and coordinate with the State Energy Office evaluation of individual bids, and will review the process and areas of focus with EC. It is important to note that approved bids will likely involve multiple vendors for execution of a Sustainable Communities Program project. It is also possible that multiple projects might be approved. The RFQ process is likely to remain “open” for new initiatives to be proposed beyond the initial round of selected projects.

The role of the SEU in the Sustainable Communities program will be to build awareness about the program through dissemination of timely information, marketing and outreach. The SEU will also provide the framework for aggregating various state and federal benefits that are available. The SEU is also in a position to utilize its authority to engage in the REC market for stimulating a scale in which communities will be effectively served. It may also use some of its revenue to support projects (e.g., the use of SEU funds to enhance creditworthiness).

Senator McDowell noted a typo on Page 2 at the beginning of the 4th paragraph, which needed correction.

Board member Sharron Cirillo inquired as to what types of financing plans will be presented by RFQ bidders. Dr. Byrne responded that the expectation is that the RFQ process will generate a host of ideas and plans for using different financing vehicles for the Sustainable Communities program.

Ms. Cirillo inquired about the financial obligations of the SEU under this program. Dr. Byrne commented that while bidding teams will generate the lion's share of funding, the SEU can engage in the purchase and forward sale of SRECs and for actions that might, as an example, strengthen creditworthiness.

Senator McDowell emphasized that a primary purpose of bundling renewables and energy efficiency through the Sustainable Communities program is to maximize and leverage financing opportunities.

Both the CA and State Energy Coordinator are comfortable with the RFQ draft and look forward to reviewing public comments in preparing a final draft.

Senator McDowell entertained a motion to adopt the RFQ to be released for public comment. The motion was approved unanimously.

IV. Contract Administrator Update

The SEU CA, Ralph Nigro, provided an update of activities to the Board.

The ENERGY STAR Appliance Rebate Program was launched on September 1, 2009. The CA noted that over 200 applications had been received in 10 days. He also noted that application forms were being downloaded at an average rate of 50 per day. In addition, there has been a high level of traffic on the Energize Delaware website and the call center is busy fielding inquiries. While there is currently no breakdown of the rebates that individuals are requesting, this information will be detailed and will become a routine report to the Board. In addition, there have been preliminary discussions with appliance recyclers in hopes of incorporating a recycling component into the program.

Under the Commercial and Industrial program, interviews have been completed with 5 bidders regarding the prescription lighting program. Further discussion with the State Energy Office is expected to generate a recommendation for a contract in the near future.

Senator McDowell inquired about the administrative structure planned for the C&I lighting program. The CA commented that the winning bidder will administer the program and will engage local contractors and suppliers to execute the program. Dr. Byrne asked that the successful bidder keep an inventory of and track new jobs that are created under this program.

In the MUSH sector, public comments have been received on the RFQ for pre-qualifying ESCOs for large institutional projects. The CA will report on the list of pre-qualified ESCOs at the next meeting of the Board.

In terms of program marketing, Energize Delaware website went live in September and has received 7,000 hits, 75% of which are by new visitors.

The CA continues to work with the State Energy Office to transition the Green Energy Fund to the SEU.

Senator McDowell expressed interest in developing coordination with the State Weatherization Assistance Program to track progress. The CA commented that he will inquire with the Weatherization Assistance Program Manager, Ken Davis, to request periodic updates (ideally on a quarterly basis). Ms. Cirillo commented that since Ken Davis is required to generate this information, that the SEU coordinate with him to make this information available without commitment of SEU financial resources.

V. Old Business

No old business was brought before the Board.

New Business

Senator McDowell expressed his interest in forming an ad hoc workgroup to explore the creation of an SEU Advisory Committee. He requested two Board members to join him on the workgroup. Ms. Cirillo inquired as to the scope and purpose the workgroup. Senator McDowell indicated that he and members would develop recommendations about the scope of the Advisory Committee and would keep the Board informed as to their progress. Board member Roger Jones suggested that the SEU Advisory Committee be tasked to develop a policy for reviewing instances where the SEU is solicited for support of external projects. Board members Dr. Wagner and Sharron Cirillo volunteered to serve on the workgroup. The Board agreed to this make-up and voted to have Senator McDowell chair the workgroup.

Ms. Cirillo inquired about annual budget reports from the CA, and expressed interest in reviewing interim reports. The State Energy Coordinator, Charlie Smisson, indicated that he is able to generate such reports and will circulate them to the Board.

Mr. Smisson updated the Board on the process to secure a fiscal agent for the SEU. Four proposals have been received and the process will move forward to evaluate these proposals. The expectation is that a contract will be signed in October 2009. The firms that have submitted proposals include: Jefferson, Urian, Doane & Sterner; Belfint, Lyons & Shuman; Spectrum Mortgage Solutions, Inc.; and KG Associates.

Mr. Smisson reported on his attendance at the National Association of State Energy Officials conference recently held in Annapolis, MD. Mr. Smisson updated the Board on developments regarding ARRA stimulus funding, noting changes that have occurred regarding the delivery of funds to State offices. Mr. Smisson commented that the delivery mechanisms for financing are increasingly complex, and that Delaware is fortunate to have developed a strong delivery mechanism in the SEU.

VI. Public Comment

Allen Luzak of JCN Building Science inquired as to the incentives for bidders to turn a profit on the Sustainable Communities program. Dr. Byrne responded that the design of the Program is to leverage the talents and skills of various entities to position communities to receive comprehensive, cost-effective sustainable energy services. The SEU will work with bidders to best position their services and add value through increased marketing and outreach to customers.

Dr. Byrne commented that the demographic representing 200% above poverty should be an important segment for the SEU to develop programs that take advantage of the infrastructure already developed by the Weatherization Assistance Program.

Senator McDowell emphasized that education is a fundamental pillar for building programs given that the consumer is the first responder for integrating many of the SEU's goals.

Sally Thompson introduced her community in northern New Castle County that she represents, which was established and continues to be predicated upon green principles.

Finn McCase from Flexera Inc. reported on their solar system installation at Stone Gates retirement community, and commented on the difficulty they have experienced with interconnection through Delmarva Power.

A member of the public announced the upcoming Home Builders Association of Delaware Home Show to be held at the Chase Center in Wilmington, DE on October 17 & 18, 2009. There will be a large green building component at this year's Home Show.

Dr. Wagner inquired whether the Board desires to submit a position to the PSC regarding the issues surrounding interpretation of interconnection stemming from Senate Bill 85. Board member Judge Padmore commented that the PSC will open the docket pertaining to this issue on September 22, 2009. Board members were in agreement that the SEU could review this issue but should not endorse a specific position at this time. Dr. Wagner motioned to move the issue to the Executive Committee for further discussion. The motion was approved unanimously.

VII. Adjourn

The meeting adjourned at 4:05pm.