

**Delaware Sustainable Energy Utility Oversight Board Meeting
Kirkwood Room, Perkins Student Center, University of Delaware, Newark
9:00 a.m., June 2, 2009**

ATTENDANCE

Board Members

Nnamdi Chukwuocha, Kingswood Community Center (called in)
Sharron Cirillo, Public Accountant
Randy Day, Perdue Agribusiness
Joe Loper, Alliance to Save Energy (called in)
Collin O'Mara, Secretary, Department of Natural Resources and Environmental Control
Michael Sheehy, Office of the Public Advocate
Representative Pam Thornburg
Dr. Charles Wagner, Manufacturer of Energy Devices
Senator Harris B. McDowell, III, Co-Chair
John Byrne, Director, Center for Energy and Environmental Policy, Co-Chair

Charlie Smisson, State Energy Coordinator (*ex officio*)

Board Staff

Frank Murphy, Attorney to the Board (called in)
Sean Finnigan, Delaware State Senate

SEU Contract Administrator

Ralph Nigro, Applied Energy Group

Scribes

Anne Smart, Center for Energy and Environmental Policy
Cara Lampton, Center for Energy and Environmental Policy

Members of the Public

Phil Cherry, DNREC
Bill Osborne, TMA Delaware
Brian Kramer, League of Women Voters
Jim Black, Clean Air Council
Tony Lazzaro, Alliance Electricity Inc.
Mike Schlegel, Duffield Associates
Brian Gallagher, E3 Energy
Coralie Pryde, DNS
Michael Kretzger, Sol Sage Energy
John Sykes, League of Women Voters
Louise White, League of Women Voters
Brian Yerger, AERCA
Scott Lynch, Delaware Energy Office
Allen Luzak, JCN Building Sciences

Bahareh Van Boekhold, University of Delaware
Shalini Gupta, Center for Earth, Energy, Democracy (Minnesota)
Barry Yerger, AERCA
John Flaherty
Finn McCabe, Flexera
Jason Halprin, Delaware Green Buildings Council

I. Welcome

This meeting was called to order at 9:13 am. Senator McDowell welcomed the Oversight Board members, the SEU Contract Administrator Ralph Nigro, and the Delaware Energy Coordinator, Charlie Smisson to the meeting.

Dr. Byrne welcomed Shalini Gupta from the Center for Earth, Energy, and Democracy in Minnesota. Ms. Gupta is visiting to study the SEU for possible applications in Minnesota.

II. Approval of April 21, 2009 Meeting Minutes

The April 21 minutes were approved unanimously.

III. Contract Administrator Update

Ralph Nigro, SEU Contract Administrator (CA), provided an update for the Oversight Board.

A request has been submitted by the CA to have the SEU Oversight Board address SREC issues outlined in a memorandum in order to ensure that the value of and demand for SRECs in Delaware is maintained over time.

Mr. Nigro reported that the soft launch at the Wilmington Blue Rocks Baseball Earth Day event was a success.

Cadmus Group has made a consumer profile with demographic information of Delaware. Cadmus Group will also be making branding recommendations for the SEU and designing the CA website.

Regarding the strategic market analysis task, the CA has held meetings with all of the state's utilities. Data have been collected which will contribute to market segmentation analysis and will be used to create consumer profiles.

The CA has also been involved in detailed discussions with the Energy Office to map out the future of the Green Energy Fund. Current applications will continue to be processed through the Delaware Energy Office and in the future, a transition will be made to have to the CA process these applications.

The CA is attempting to get Early Launch programs underway as soon as possible. The appliance rebate program will help pique interest in these programs.

SEU Board member Dr. Charles Wagner asked Mr. Nigro to elaborate on the types of education programs available through the SEU. Mr. Nigro stated that education and outreach will be tied to each individual program including the renewables and energy efficiency programs. A separate effort is under way to establish workforce training and educational programs at DelTech.

SEU Board member Representative Thornburg suggested that the Farm Bureau newsletter would be a good place to advertise SEU programs. Mr. Nigro stated that the CA expects to work through many communication channels. Due to its historic importance in Delaware, farming and agriculture will definitely be a market segment to focus the SEU education and outreach programs.

SEU Board member Joe Loper asked about the model that is being used for the shared savings program and if any successes had been demonstrated. Mr. Nigro stated that the institutional sector model is based on straightforward contract examples (“performance contracting”) of which there are numerous successful examples including some in Delaware.

SEU Board member Sharron Cirillo asked about the budget cycle, which ends in April. Cadmus Group has a billing system that is 15 days behind the CA budget cycle therefore this part of the budget will not show up until one month later. All subcontractors to the CA have a budget target and Mr. Nigro reported that Cadmus is set to meet its target.

IV. Delaware Energy Office Update

Charlie Smisson, State Energy Coordinator, informed the SEU Oversight Board that the progress of the SEU is coming along remarkably well.

Mr. Smisson reported that the DEO is receiving calls nearly every day from citizens wanting to improve the energy efficiency of their homes. This indicates a demand for SEU programs in the future.

The DEO submitted an application to DOE last month for ARRA funds. Of this \$24 million in funding, \$12 million will be devoted to residential needs, \$4.5 million to renewable energy applications either through the GEF or to establish the revolving loan fund with the CA, \$5 million will go towards commercial and small business projects, and the remainder of the funds will be used for school buildings and colleges and universities.

Ms. Cirillo also asked about ARRA funds to the Weatherization Assistance Program in Delaware and their coordination with the SEU. Dr. Byrne explained that this program is currently administered by the Office of Community Services and will continue to be administered in this way. The SEU will seek to augment this federally-funded program.

SEU Board member Secretary O'Mara stated that DNREC is reevaluating WAP because there is a greater need for funds in the state than can be provided at this time. Secretary O'Mara would like to find a way to use the SEU to make existing funds go farther and to help more residents.

Mr. Smisson stated that the search for an SEU Fiscal Agent was initially unsuccessful. Therefore, the search is being reopened. The RFP will be reviewed before it is redistributed. Ms. Cirillo recommended that advertising for this opportunity should be targeted towards CPA societies and accounting firms so that these organizations can in turn communicate the opportunity to their members.

Ms. Cirillo asked if charter schools could qualify as small businesses to receive funds. Secretary O'Mara stated that the commercial piece is separate from the institutional funds. Mr. Smisson affirmed that the MUSH program will be the best program for charter schools.

Senator McDowell expressed concern from the contracting community in regards to funding. There is a large amount of available funds now but there is concern that this funding will drop off in the future. Initial SEU planning did not include the availability of ARRA funds. Senator McDowell suggests that ARRA funds be used initially and SEU funds be used in the future so that a drop off in funding does not occur. Secretary O'Mara noted that the SEU can create revolving funds, which means that in the future, the programs should pay for themselves.

IV. New Business

Dr. Byrne reported that the Farm Bureau has been very active in coming up with ideas for SEU programs. One idea is to create a bundled program for efficiency upgrades and the use of renewable energy. Another idea is to create a "solar share" or other renewables-based 'virtual metering' program.

The U.S. Department of Energy (DOE) held an invitation-only summit on May 28-29 in Washington D.C. Dr. Byrne and Senator McDowell attended and were excited to report that there is now interest in the SEU at a national level. The "green bank" included in the Markey-Waxman climate change bill in the U.S. House of Representatives is based on the SEU model.

DOE is seeking to expand its Home Performance with *Energy Star*® program, which takes a "whole house" approach to energy efficiency, including appliances, HVAC upgrades, and envelope improvements. The SEU model would be very amendable to this format if an audit were to be required before and after new appliances and/or renewables were installed.

Secretary O'Mara suggested that the SEU provide a "suite of services" as is indicated on the Rosenfeld/McKinsey curve.

The CA will approve contractors to complete audits. A separate contractor will be needed for measurement and verification. This process must also be reviewed by an independent third party.

Randy Day suggested that a metric for measuring success needs to be established. For example, some kind of report card could be used. Mr. Nigro stated that the CA is working on performance metrics for presentation to the Board.

Senator McDowell asked if there was anything the Board could do to help with the ARRA funding application and competitive funding processes. The CA is working with the DEO to determine additional opportunities.

V. Public Comment

Finn McCabe inquired about the search for a Fiscal Agent and the effect that this aspect of the SEU model will have on the renewable energy program. The potential for a revolving fund was discussed.

Allen Luzak asked if an audit will be required prior to the installation of renewables. He suggested using the *Energy Star*® home and BPI certification programs rather than ‘to reinvent the wheel.’ Mr. Luzak also expressed concern about the need for jobs in this state. Dr. Byrne advised that with the ARRA funds arriving soon, there will be a need to hire people fast to complete these projects.

Jason Halprin commented on the opportunity to implement a community based education system beginning in high school and continuing in college. Secretary O’Mara reported that DNREC is working with superintendents to incorporate energy and environmental issues into high school curriculums. The Wisconsin Solar Schools program is one example that Delaware could follow.

Meeting adjourned at 10:38 a.m.