

Delaware Sustainable Energy Utility

Meeting of the Oversight Board

Conference Meeting via Zoom

November 19, 2020 – 9:00 AM

Welcome

Senator Harris B. McDowell, III called the meeting to order at 9:10 AM. Members present were Kristopher Knight, Ric Moore, Robert Underwood (proxy for Secretary Garvin, Department of Natural Resources and Environmental Control), Sean Finnigan, Michael Chajes, Senator Paradee, and Andrew Slater, Public Advocate. Also present were Thomas Noyes, Brett Swan, Charles Kistler (HELP Initiative), Harold Stafford (HELP initiative), Frank Murphy, General Counsel, Anthony DePrima, Suzanne Sebastian, Athena Bi, Lisa Gardner and James Purcell.

Members Absent: Richard Jones

1. Approval of Minutes - Oversight Board Meeting – September 17, 2020 - Senator Paradee moved for approval of the minutes, seconded by Mr. Underwood and unanimously carried.

2. SEU Business

a. Contract for Evaluation Services - ERS, Inc - Mrs. Bi stated that as part of the continuous effort to monitor and evaluate our programs, each year we seek proposals from qualified organizations to conduct an impact evaluation on the programs that have been running for more than 3 years. The 3rd party independent impact evaluation will validate the reported energy savings by sampling past energy audits and conducting participant interviews. The findings from the impact evaluation will then guide future adjustments of the program. This year, we have selected the Energy Assessments for Non-profits and Local Government Agencies Program. We partner with the University of Delaware's Mid-Atlantic Industrial Assessment Center (IAC) to perform the energy assessments and identify opportunities for energy savings.

After the initial round of proposal reviews, we have identified the bidder with the highest score and lowest proposed budget - Energy Resource Solutions (ERS). However, the budget they proposed is still too high. Therefore, we discussed our review results and our budget concerns with them. They then submitted an updated proposal on November 2nd. The proposed budget decreased from \$75,446 to \$34,796 by utilizing IAC students for the Site Visits and Participants Interviews.

Staff recommends the Board to authorize the Executive Director to enter into a contract with ERS for an amount not to exceed \$34,800 for the Impact Evaluation of the Energy Assessments for Non-Profits and Local Government Agencies Program.

Mr. Slater moved for approval, seconded by Mr. Moore and unanimously carried.

b. EEAC and RETF Appointments - As a result of the resignation of Mr. Schorah, there are two (2) appointments that need to be filled. Mr. Schorah served as a voting member of the Energy Efficiency Advisory Council (the DESEU has two seats Senator McDowell holds the other seat) and he was the alternate on the Renewable Energy Task Force (voting when Senator McDowell was not in attendance).

Mr. Moore expressed an interest in fulfilling the seat for the Renewable Energy Task Force as Senator McDowell's alternate. **Senator McDowell moved for the appointment, seconded by Mr. Finnigan and unanimously carried.**

Mr. DePrima expressed a desire to serve as the second seat on the EEAC. **Mr. Moore moved for the appointment, seconded by Mr. Finnigan and unanimously carried.**

c. SRS Contract - PACE Services - Mr. DePrima stated that last September the Board authorized a contract with Sustainable Real Estate Solutions (SRS) on a one-year trial basis for ongoing C-PACE services. Staff is satisfied with SRS services over the past year and would like to enter into a standard three-year contract with one-year extensions. They have assisted us in recruiting three C-PACE contractors and four C-PACE capital providers. SRS was instrumental in having New Castle County join as our first participating county.

And subsequently, they reviewed and certified for us the two C-PACE financing deals that were approved this year. They are currently assisting a potential borrower find a suitable financier. The CEO, Brian McCarter, is our principal contact and is always accessible. Over the past year, our share of the administrative fees from the two C-PACE projects has more than offset the SRS fees, and we, therefore, recommend entering in a three-year contract for their services.

Mr. Moore moved to authorize the Executive Director to execute a three-year contract for C-PACE services. The motion was seconded by Mr. Underwood and unanimously carried.

d. Efficient Eastside (E²) Solar Pilot - Funding Request - Each year money is budgeted in the Research and Development Budget line item to fund research or pilot programs. We maintain a Pilot Program Funding application that we use to evaluate proposals when we get them.

Through the Empowerment Grant Program, we learned about an effort by Efficiency Eastside to renovate three existing townhomes, and construct one new townhome on the eastside of Wilmington transforming them into extremely energy efficient homes. The homes will then be sold to low-income families. Efficiency Eastside is a collaboration between Central Baptist Community Development Corporation, Cinnaire Solutions, and New Ecology, Inc.

The project will document, with real world data and community feedback, the challenges and opportunities of upgrading rowhouse building envelopes and converting heating and cooling to all-electric systems. This will also include the impacts on construction, utility costs, occupant health, and climate emission goals. This project will serve as a pilot for developing a larger scale rowhouse program.

The Empowerment Grant Program awarded the project \$68,000 for the energy efficiency portion, but was unable, due to grant restrictions, to fund the solar portion. Thus, Efficiency Eastside was invited to submit the solar portion of the project to us as a pilot program. Their application was received on

September 19th and requested \$48,000 to construct four residential solar systems, one for each building. The intent is to bring these four (4) townhomes to near net-zero energy use.

An evaluation of the proposal shows that nearly every criteria of our pilot program checklist is satisfied, and specifically hits our high priority criteria of being socially equitable, being collaborative, and having highly qualified proposers. Therefore, staff recommends the Board approve funding the East Efficiency Collaborative in the amount of \$48,000 for installation of four residential solar units on the eastside of Wilmington.

Mr. Slater moved to approve the solar funding request for the E² Solar Pilot, the motion was seconded by Mr. Moore and unanimously carried.

e. Consultation with SEU on Green Grant Solar Incentives - Mr. DePrima stated that under State legislation, the SEU has an advisory role on any changes to the Green Energy Fund Grant.

Mr. Robert Underwood, Energy Program Administrator introduced Mr. Thomas Noyes and Mr. Brett Swan as they walked through the below planned changes.

"The purpose of this memorandum is to inform you of planned changes to Green Energy Fund incentives for rooftop solar installations. The Delaware Energy Act, specifically 29 *Del.C.* §8057 (d) (1) b, authorizes DNREC to make periodic changes to incentives for renewable energy projects and to consult with the SEU on such changes:

Any 1 cash grant for any 1 project shall be no more than is necessary to promote deployment of renewable energy technologies. The level of incentive shall be set by the Secretary, in consultation with the Sustainable Energy Utility Oversight Board, and may be amended from time to time to respond to market conditions.

Residential Solar PV Grants

We propose to increase grant levels for residential installations from \$0.60/watt to \$0.70/watt and increase the maximum grant from \$5,000 to \$6,000 effective January 1st. These increases are designed to partly compensate for the scheduled stepdown in the federal Investment Tax Credit (ITC) on January 1st, which will add about \$0.12/watt in net cost. The new grant levels are based on financial models and are designed to enable the recoup of investment by year six or seven depending on whether system owners are able to access the SREC market.

Commercial Solar PV Grants

We propose to increase grant levels from \$0.60/watt to \$0.70/watt and increase the maximum grant from \$25,000 to \$30,000 effective January 1st. These increases are designed to partly compensate for the scheduled stepdown in the federal Investment Tax Credit on January 1st, which will add about \$0.12/watt in net cost. Again, the grant levels are based on financial models and are designed to enable the recoup of investment by year six or seven depending on whether system owners are able to access the SREC market.

We propose implementing a new incentive for the five categories of diverse businesses as identified by Delaware's Division of Small Business effective January 1st. Those five business categories are Minority Business Enterprises, Woman Business Enterprises, Veteran Owned Business Enterprises, Service Disable Veteran Owned Business Enterprises, and Individuals with Disabilities Owned Business Enterprises effective January 1st.

We propose setting grant levels at \$0.75/watt with a maximum grant of \$35,000, which is designed to encourage eligible businesses designated by the Division of Small Business to benefit from owning solar power installations.

Non-profit Solar PV Grants

We propose to simplify the non-profit grant structure by setting grant levels at \$1.40/watt with a maximum grant of \$50,000 effective January 1st. The current grant structure is two-tiered, providing \$1.50/watt from 0 to 5,000 watts and then \$0.75/watt from 5,001 to 50,000 watts with a grant maximum of \$41,250. These increases are based on financial models and designed to enable the recoup of investment by year six or seven depending on whether system owners can access the SREC market. Grants to non-profit agencies are set higher because they are not able to take advantage of the federal tax credit.

Summary

We are encouraged by the response to the grant level changes instituted in July. Grant applications, which had slowed in 2019, have picked up again. These new grant changes are designed to maintain this recent momentum in the face of yet another decrease in the ITC and the ongoing uncertainty in Delaware's SREC market."

As stated above, this information is presented to the DESEU Board for an advisory role and not Board action is required.

f. DESEU Meeting Schedule for 2021 - As in previous years, Mr. DePrima presented the 2021 DESEU Meeting Schedule/Calendar (below). Additionally, regarding the Annual Retreat, Mr. DePrima mentioned the challenges to blending both a Retreat and a business meeting at the same time. Therefore, the Retreat may be held at a different time during the beginning of the year. The DESEU's Strategic Plan will be the focus of the next Retreat.

Friday, January 15th

Friday, March 19th

Friday, May 21st

No Meeting in July

Thursday, Sept. 16th

Thursday, Nov. 18th

g. Consideration of Statements – Senator McDowell motioned to approve the following statements, seconded by Mr. Moore and unanimously carried.

i. Murphy & Landon

ii. NW Finance Group, LLC

iii. Young Conaway Stargatt & Taylor, LLP

3. Reports – The following reports were presented to the Board:

a. Executive Director

b. Program Manager

c. Budget Reports - Ending October 31, 2020

Meeting Adjourned at 10:10 AM