



Delaware Renewable Energy Portfolio Standard and Sustainable Energy Utility

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Renewable Energy Milestones

- **1999** - Creation of Environmental Incentive Fund as a product of Electricity Restructuring
- **2003** - Green Energy Fund Created
 - Changed the name of the EIF to Green Energy Fund
 - Split the Fund into the Green Energy Grant Program, Technology Demonstration Program and Research and Development Programs
- **2005** – Renewable Portfolio Standard Enacted
 - Required retail electricity suppliers to purchase 10% of the electricity sold in the state from renewable sources by 2019
 - Required the Delaware Electric Cooperative (DEC) and all Municipal Customers to either pay into the Green Energy Fund or setup their own funds and offer a Green Energy Purchasing Option



Renewable Energy Milestones

- **2006** – Electricity Rate Freeze on Delmarva Power Customers is removed May 2006
- **2007** – 4 Major Energy Policy Changes
 - Net Metering Increased
 - Green Energy Fund Doubled
 - RPS Doubled and Solar Carve Out Created
 - Sustainable Energy Utility Created



Renewable Energy Portfolio Standard

- June 2007 – SB 19 w/HA 1
- Revised RPS established in 2005
- Doubled %s required to 20% by 2019
- Established a Solar “Carve Out” of 2%
- Added a Minimum Solar Alternative Compliance Payment for non-compliance



Renewable Energy Portfolio Standard

- Solar Carve Out expected to stimulate market for Solar Renewable Energy Credits (SRECs)
- The Solar Carve Out will provide a significant boost to PV technology, with the potential to increase investment in local PV manufacturing capacity.
- SRECs currently trading at high dollar values in PJM market
- New RPS will enhance solar electricity installation in Delaware











Delaware Sustainable Energy Utility

- The SEU will be an independent nonprofit entity unaffiliated with any Delaware utility
- SEU monitored by the Delaware Energy Office on a day-to-day basis
- An Oversight Board will oversee the SEU's operations to ensure compliance with performance targets and to provide policy support to the Legislature
- The work of the SEU must be fuel neutral; efficiency improvements in electricity, natural gas, oil, propane, and gasoline must all be addressed
- The SEU will offer one-stop, comprehensive sustainable energy services to all on a voluntary participation basis



Delaware Sustainable Energy Utility

New Direction – Goals of a Sustainable Energy Utility

- Participating Delaware residents and businesses cut conventional energy use by **30%: ALL FUELS, ALL SECTORS**

- Utilize market transformation **Energy Efficiency and Conservation** Rebate/Incentive Programs: pay the incremental cost difference between standard and high-efficiency models

- Goal of 400 MW of efficiency and conservation

- Promote and develop **Customer-Sited Renewable** Energy Applications – Solar PV, Hot Water, Geothermal (Ground Source Heat Pumps), Small Wind, Fuel Cell

- Goal of 300 MW



Delaware Sustainable Energy Utility

New Direction – Goals of a Sustainable Energy Utility

- Focus on the need for **Affordable Energy** for low and moderate income households
 - State Weatherization Program in DHSS
 - SEU Early Launch Program
- Create a **Green Buildings** Initiative: reward green renovations of existing buildings and provide tax and other incentives for new construction that contributes to Low/No Emissions Buildings
- **Sustainable Transportation** - set Clean Energy Vehicle Portfolio Standards; reward Employee Commute Planning; incent Ridesharing; Promote Hybrid and other Alternative Fuel Vehicles



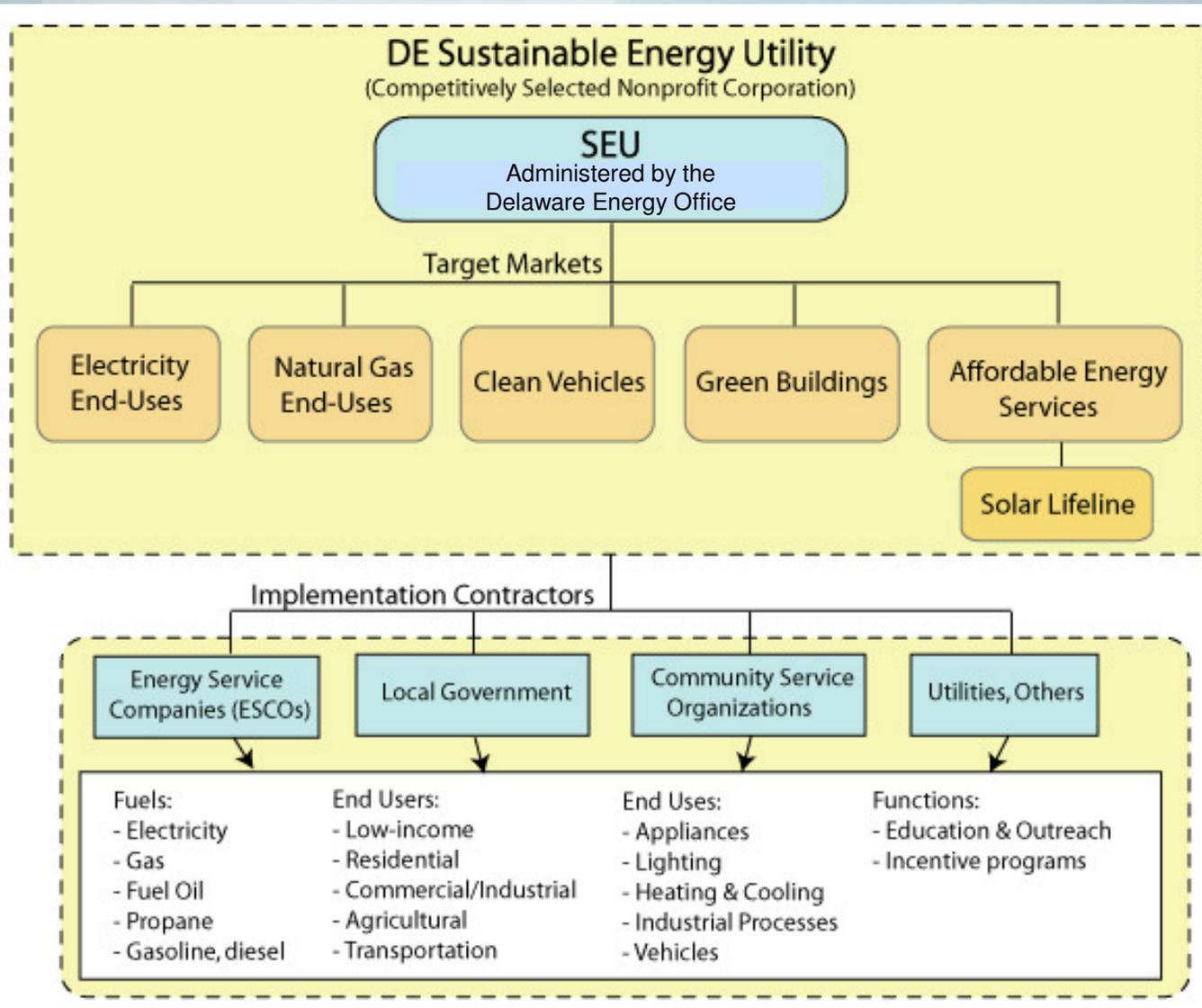
New Direction – Funding a Sustainable Energy Utility

- **Green Energy Fund (GEF)**
 - Support Rebates/Grants for customer-sited renewables through the DEO Green Energy Fund
 - Green Energy Fund administratively remains in Energy Office
- **Sustainable Energy Bond**
 - Authorize \$30 million in Sustainable Energy Bonds that creates jobs, lowers energy bills and improve the environment
- **Reinvest through Shared Savings and RECs**
 - In return for assumption of initial capital cost of Sustainable Energy investments, sign agreements with participants to share savings (e.g., 33% for 5 years) and REC revenues (e.g., 25% for 8 years)
 - Encourage implementation contractors to acquire volume discounts in return for SEU market development and share benefits with the SEU



SEU Bond

Major Banking Group with Extensive Bond Management Experience reviewed the SEU pro forma and concluded it is financeable by a private activity bond at investment grade

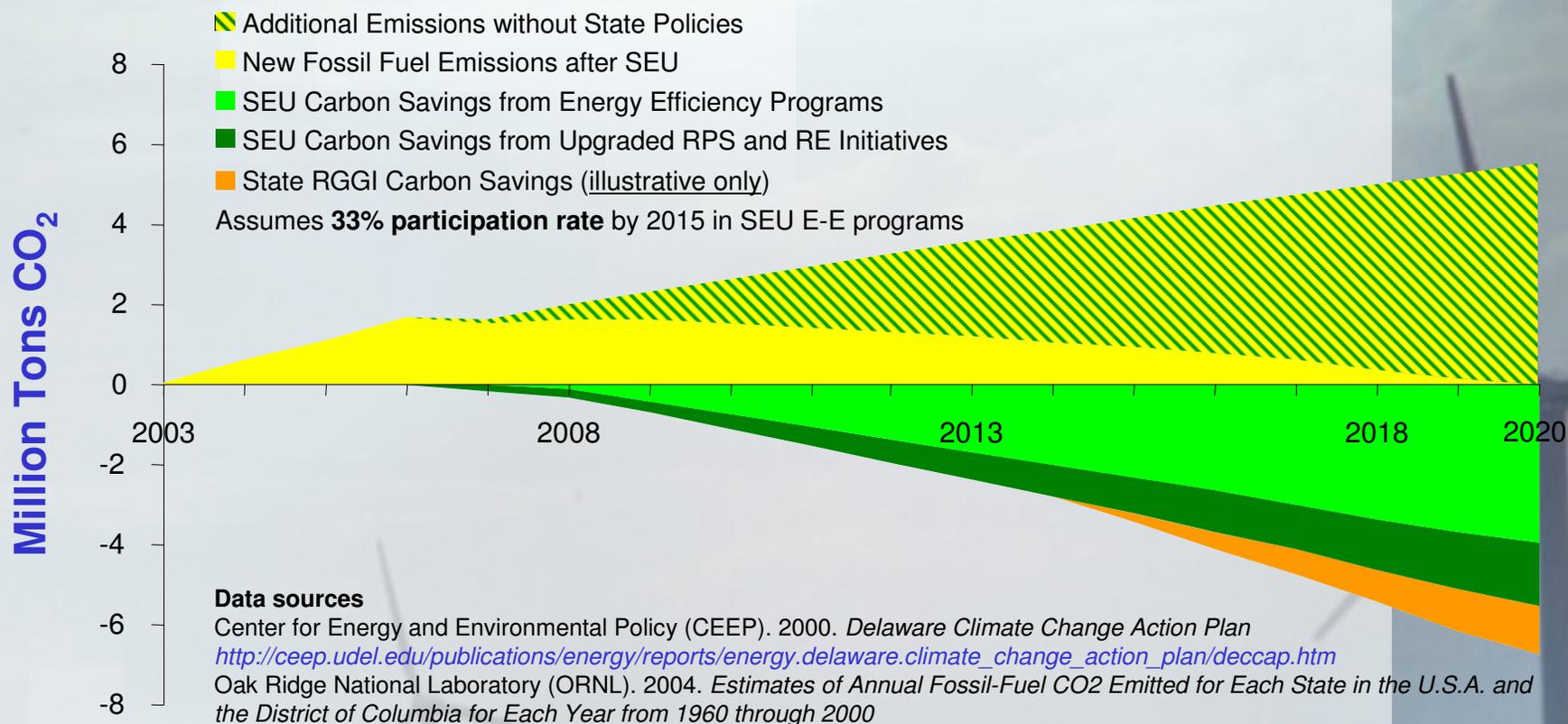




SEU CO2 Impacts

- SEU will create real, measurable, and verifiable CO2 savings from its first year of operation.
- With 33% participation of Delaware households and businesses by 2015, the SEU can save Delaware 5.5 million metric tons of CO2 emissions by 2020, or 33% of the State's current carbon footprint.
- Includes CO2 savings from the SEU's building-based energy efficiency programs plus savings from the Task Force's proposed upgrades to RPS and renewable energy initiatives.

Delaware Sustainable Energy Utility Our Best Environmental Policy



Data sources

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Estimates prepared for the Sustainable Energy Utility Task Force by the Center for Energy & Environmental Policy, University of Delaware.



Pioneer New Policies for Investment in Sustainable Energy

- Solar Lifeline
- Energy Efficiency Portfolio Standards across end-use sectors
- Develop Energy Savings Certificates
- Carbon Reduction Certificates
- Car-less Development / Transit Communities
- Send us your IDEAS!

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