Delaware

Energy Efficiency Advisory Council

Assisting with the development
and deployment
of energy efficiency programs
and financing mechanisms
that will be offered
by Delaware energy providers

2015 Annual Report

Delaware Department of Natural Resources and Environmental Control

Delaware Division of Energy & Climate

Stay informed: The EEAC meets on the second Wednesday of each month. Meeting agendas, minutes, and other materials are available on the EEAC website at:

http://www.dnrec.delaware.gov/energy/information/otherinfo/Pages/EEAC/Council.aspx

From the Chair

Dear Delawareans,

When the Delaware General Assembly and Governor Markell amended Title 29 §8059 of the Delaware Code, creating the Energy Efficiency Advisory Council (EEAC), Delaware took a huge step forward toward providing cheap, reliable power though energy efficiency. This landmark legislation enables Delaware electric and gas utilities to provide cost-effective energy efficiency programs to their customers and will help Delaware meet the requirements of the Entergy Efficiency Resource Standard. Energy efficiency is one of the easiest and most cost-effective ways to reduce pollution, combat climate change, create jobs, increase economic development and reduce energy costs for consumers.

In 2015, the EEAC worked on understanding the critical elements needed for developing and launching energy efficiency programs. These efforts were framed by results of the 2014 Delaware Energy Efficiency Potential Study, which demonstrated that efficiency programs could produce approximately $2.3 billion net benefits for Delawareans by 2025.

In addition to successfully laying the foundation necessary to launch statewide energy efficiency programs, the EEAC set statewide gas and electric savings targets for program years one to three; developed Evaluation, Measurement and Verification (EM&V) regulations for promulgation next year; and designed statewide energy efficiency program templates and methodologies for consistent data collection.

I look forward to continuing the collaborative process that was started in 2015 with the broad range of stakeholders represented on the EEAC. It has been an honor to work closely with the companies, organizations, and individuals all contributing to the unprecedented effort to increase energy efficiency in Delaware.

Sincerely,

Robert Underwood

DNREC - Energy Program Administrator, **EEAC** – Chair

Legislative Background

Over the past several years, state leaders in Delaware have taken key steps to help reduce energy use in the state and deliver important benefits to Delawareans. Executive Order 18, issued by Governor Jack Markell in 2010, set the stage for a commitment to sustainable energy efficiency by requiring state government to lead by example and set goals for working towards a clean energy economy. Executive Order 41 in 2013 called for agencies to address both the causes and consequences of climate change by developing actionable recommendations to reduce greenhouse gas (GHG) emissions that contribute to climate change, increase resilience to climate impacts, and avoid and minimize flood risks due to sea level rise.

In July of 2014, the Delaware General Assembly passed key legislation that greatly expanded the state's commitment to and investment in energy efficiency for all utility customers. By amending Title 29 §8059 of the Delaware Code, this legislation enables all of Delaware's electric and gas utilities to provide cost-effective energy efficiency programs to their customers in collaboration with the Sustainable Energy Utility (SEU). The legislation created a new funding stream for efficiency programs by allowing regulated utilities to seek rate-payer funded cost recovery. The expanded efficiency efforts will build on programs and policies in the state to reach a wider population and increase benefits from reduced energy usage for all Delawareans.

Legislative Background

The legislation also created a 13-member Energy Efficiency Advisory Council (EEAC) tasked with assisting the state's electric and natural gas utilities with the development and deployment of energy efficiency programs and financing mechanisms. The Council is composed of a variety of energy efficiency stakeholders appointed by the Cabinet Secretary of the Department of Natural Resources and Environmental Control (DNREC). The EEAC is charged with reviewing affected electric and gas utilities' energy efficiency program plans, budgets, and portfolios to ensure that cost-effective programs are deployed and energy savings targets are met. Additionally, the EEAC has a critical role in evaluation, measurement, and verification of energy savings reported by the electric and gas utilities. Finally, the EEAC must also collaborate and coordinate with the staff of the Public Service Commission and the state's Public Advocate to ensure that energy efficiency efforts in Delaware represent sound policy that treats all Delaware ratepayers and residents fairly and equitably.

To support the important work of the EEAC, the DNREC Division of Energy and Climate (DEC) hired Optimal Energy, Inc. to provide policy and program planning consulting services. The contract was made possible with funding from DNREC. Optimal brings significant experience working with energy efficiency councils, including in leading efficiency states such as Massachusetts and Rhode Island. This expertise will help inform the Council to implement effective program approaches and develop priorities.

The 2015 Delaware Energy Efficiency Advisory Council annual report is intended to highlight the accomplishments made by the Council to set up effective operation and management practices as well as the steps taken to begin developing efficiency programs.

2015 Accomplishments

Developing a Voluntary Collaborative Process to Advance Energy Efficiency

Several of the nation's most successful statewide efforts to promote energy efficiency have included an advisory council similar to the Delaware EEAC. Yet unlike these other states, the enabling legislation in Delaware does not obligate all of the entities involved to abide by the Council's recommendations or require them to achieve specific objectives. The Delaware EEAC is unique in that regulated and unregulated entities have come together to voluntarily create a portfolio of programs without a regulatory or legislative mandate.

Reviewing Existing Programs in Delaware

Prior to the amendment of Title 29 §8059, the Delaware Sustainable Energy Utility, DNREC, and some of the state's utilities were already providing energy efficiency programs to meet requirements put forward in the Delaware Energy Act and the Energy Efficiency Resource Standard. In anticipation of setting goals and targets to provide statewide energy savings to benefit all Delawareans, the EEAC reviewed the status of the existing and recent efforts that have already provided benefits from energy efficiency. Presentations by several of the affected energy providers (AEPs), the SEU, and Catholic Charities described existing efforts to meet customer energy efficiency needs throughout the state. Collectively, the entities involved in delivering energy efficiency services in Delaware, whether a utility, state agency, or non-profit organization, will be referred to as Program Administrators, or PAs. Through a blend of multiple funding sources, the PAs had already served many residential customers, including income-eligible populations, and commercial and industrial customers ranging from small business to large factories, with offers of incentives, technical services, and financing.

After review of this baseline of activities, the EEAC was better positioned to understand what areas could be expanded and what gaps needed to be filled to create a comprehensive suite of offerings that equitably benefit all Delawareans.

2015 Accomplishments

Setting Goals and Targets

In January 2015, the PAs in Delaware sat down to contemplate introducing energy efficiency programs to their customers. Backed by the enabling legislation that clearly stated a desire to get programs going, many of the building blocks necessary to build successful programs had yet to be decided. However, there was no clear definition of an affected energy provider as well as other uncertainties in the legislation. Much to the credit of the EEAC members, this uncertainty did not stop the process of pushing ahead. This voluntary approach was used to set gas and electric goals, define candidate programs, adopt technical reference values, review EM&V regulations, incorporate stakeholder input, and develop program portfolios.

As of December 2015, one year into the process, all potential Delaware PAs are busy developing plans to introduce energy efficiency programs in the first quarter of 2016 using program templates and analysis parameters developed through the council process. Each PA decided to research and develop program ideas and concepts that could be rolled out in their territory or to their constituents while working together to ensure that programs are synergistic and cover all customer classes.

Bringing in Outside Organization Expertise

As the Council works towards developing efficiency program offerings, it has brought in several outside organizations to share their knowledge and expertise from other successful jurisdictions. Organizations such as the Northeast Energy Efficiency Partnerships (NEEP) and the American Council for an Energy-Efficient Economy (ACEEE) presented at Council meetings on energy efficiency best practices, targets and energy efficiency savings from various states across the country, as well as potential resources for Delaware. Drawing on experience from others and incorporating lessons learned into program planning efforts in Delaware will ensure that the state implements programs that are as successful and cost-effective as possible from the start.

2015 Accomplishments

Developing EM&V Regulations

The enabling legislation requires DNREC to develop regulations that address efficiency program evaluation, measurement, and verification. These regulations are intended to define the procedures and standards that will be used to demonstrate, document, and report compliance with the energy savings targets. During 2015, DNREC, the Council, and the Council's consultants drafted comprehensive regulations to fulfill this requirement. Doing so involved reviewing a previously drafted evaluation framework in Delaware; creating several iterations of outlines, frameworks, and issue lists; discussing these interim documents during multiple Council meetings to elicit Councilor input; circulating draft regulations for Councilor review and comment; and creating a final draft for DNREC review prior to beginning the regulatory promulgation process required by the Delaware Administrative Procedures Act. Throughout the process, DNREC sought broad acceptance of the key features and philosophies of the proposed EM&V approach. This required ensuring that all parties had substantial time to review multiple versions of the regulations and provide edits.

2015 Accomplishments

Ensuring Consistency in Data Collection

In other states where multiple entities run separate energy efficiency programs, each entity often has its own process of data collection in terms of what is collected, how it is labeled, and what level of granularity is tracked. This makes it very difficult to compare programs between multiple PAs, track statewide progress, and perform evaluation activities on a statewide level. There is often a significant additional expense required just to synthesize the disparate databases from each PA so that evaluation activities can occur.

In Delaware, the Council has been proactive in ensuring consistency in data collection from each PA. First, there was a series of one-on-one meetings with DNREC and each PA to understand current data collection procedures and to work towards a mutual understanding of what data would be collected and at what granularity. The findings from these one-on-one meetings were discussed at the monthly Council meetings and the Council secured a broad agreement from the PAs in terms of what types of data would be collected, at what level of detail, and how these data would be named and labeled. This up front coordination will save a significant amount of time and cost in the future.

Developing Program Plan Templates

In order to support a robust and comprehensive portfolio of programs, the EEAC worked to create a common template for all PAs to use when developing their program plans, budgets and timelines to submit to the EEAC. By having a common template, the PAs submittals will be in a format that allows all interested parties to better understand how the individual plans will create a collective portfolio when combined. This affords the opportunity to identify gaps that could be filled in either target markets and/or geographic coverage, while making it easier to identify where PAs could leverage and coordinate efforts to maximize cost-efficiencies and depth of services.

Looking Forward

Although the Council has made important progress towards developing the structure and processes needed to implement successful efficiency programs, the next year is a critical time in the development of energy efficiency in Delaware. The Council will continue to provide clarity to the process, mission, and measurement of energy efficiency programs in Delaware and continue to identify important definitions and rules. Some of these issues include determining whether some programs will be implemented statewide vs. utility by utility, how funding will be shared for those programs, and how savings will be credited to individual utilities. Bringing program efforts from multiple utilities together will require a unified marketing campaign and a common online platform for customers that will be managed by the SEU.

As program plans are introduced, much remains to be done to get them implemented. The enabling legislation requires that the Council review three-year program plans for each affected energy provider and recommend them for approval by the appropriate regulatory authority. For the regulated utilities, the plans require approval by the Public Service Commission. The Council recognizes that the approval process and time required for approval varies by utility. When the Council reviews each program plan as it goes through its approval process, it will work to apply best practices from other jurisdictions while considering the unique opportunities and conditions found in Delaware. In the near term, it will be important to have patience in the program development process as the PAs identify the programs that will work most effectively in Delaware.

Over the next several years the Council will work to develop expertise in energy efficiency concepts and approaches and to advance the state's gas efficiency programs to a comparable state of development as the electric programs that have been and will be implemented in Delaware. The Council will also continue to revise goal setting as it tries to balance savings, costs, participation and bill impacts. Putting together programs plans will be an evolving process as technologies and market conditions continue to change over time.

Council Members

Council Member	Affiliation	Representing
Rob Underwood, Chair	Division of Energy and Climate	Department and Natural Resources and Environmental Control, Division of Energy and Climate
Glenn A. Moore	Delmarva Power	Delmarva Power
Mark A. Nielson	Delaware Electric Cooperative	Delaware Electric Cooperative
Bill O'Brien	Chesapeake Utilities	Chesapeake Utilities
Scott Lynch	Delaware Municipal Electric Corporation	Delaware Municipal Electric Corporation
Amy Roe	Sierra Club	Environmental sector
Sanjay Kapuria	Jaykal LED Solutions	Commercial sector
Carl Johnson, P.E., CEM	Perdue Farms, Inc.	Agricultural sector
John Sykes	Delaware Interfaith Power and Light	Low-income sector
Cassandra T. Marshall	Quaker Hill Neighborhood Association	Residential sector
Humberto L. Caldelas	Croda, Inc.	Manufacturing sector
Joseph Schorah	Sheet Metal Workers Local Union 19	Delaware Sustainable Energy Utility
Harris B. McDowell, III (D, Wilmington)	State Senate	Delaware Sustainable Energy Utility

Highlights of Delaware's First Three-Year Energy Efficiency Targets

$3 in benefits for Delawareans for every dollar invested in energy efficiency

4¢ per kilowatt-hour, the cost of saving electricity through efficiency, half the cost of wholesale electricity that would otherwise be needed

6,100 homes that could be heated with the savings from gas efficiency programs

25,300 homes that could be powered with the savings from electric efficiency programs

211,000 metric tons of carbon dioxide emissions avoided each year, the equivalent of taking 43,958 cars off the road

Incremental Annual Savings			
	2016	2017	2018
Electric	0.4%	0.7%	1.0%
Gas	0.2%	0.3%	0.5%

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