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The Sustainable Energy Utility and Energize Delaware

The Delaware Sustainable Energy Utility is a unique non-profit organization offering a one-stop resource through its Energize Delaware programs to help residents, businesses, non-profits and government save money through clean energy and efficiency. The DESEU was created in 2007 by the State of Delaware to foster a sustainable energy future.



DESEU VISION AND MISSION STATEMENT

Delaware Sustainable Energy Utility Vision Statement

The Delaware Sustainable Energy Utility (DESEU) will be the leading organization in the State of Delaware that offers cost effective opportunities for energy savings, creates new markets for customer-sited renewable energy generation and reduces environmental impacts of energy production and use.

The DESEU's efforts will build jobs in Delaware, improve our national security, support the local economy, improve energy reliability and protect Delaware from the damaging effects of volatile energy prices. The DESEU will accomplish this by utilizing both its authority granted by the State of Delaware and private sector entrepreneurial strategies.

Respected as an accountable, transparent, effective and nimble non-profit organization, the DESEU operates at the highest standards recognized in its industry.

Delaware Sustainable Energy Utility Mission Statement

Delaware Sustainable Energy Utility, a 501 (c) 3 non-profit organization, serves Delawareans by promoting the use of affordable, reliable clean energy and energy efficiency initiatives. The DESEU operates as the premier one-stop-shop for connecting and empowering energy consumers with the resources to reduce costs, improve the environment and ensure energy independence for future generations.

The DESEU develops and implements energy efficient solutions, clean energy and air pollution reduction programs. These programs include funding, financing, and educational programs. In addition, we provide highly valuable technical and financial services to our clientele so that they can make informed decisions regarding their energy future.

The DESEU offers our programs by fully utilizing the authority granted by the State of Delaware to issue tax-exempt bonds, use Regional Greenhouse Gas Initiative (RGGI) funds, bank solar renewable energy credits (SRECs). The DESEU also utilizes private sector entrepreneurial strategies.

The DESEU focuses on building relationships with residents and businesses so that they are motivated to use less energy, generate clean energy and reduce harmful emissions. We serve people of all incomes and housing styles. We serve businesses, industries and institutions from all sectors. We apply our programs to new construction projects, the rehabilitation of existing buildings, transportation projects and innovative technologies.

Delaware Sustainable Energy Utility Financial Statement

Below are comprehensive financial statements excerpted from the DESEU fiscal year (ending June 2016) audit performed by the accounting firm of Whisman, Giordano & Associates LLC, Certified Public Accountants, Newark, Delaware. Complete audited statements are available at www.energizedelaware.org.

Balance Sheet as of June 30th, 2016	
Assets	
Cash and Investments	\$ 34,648,349.00
Program Receivables	\$ 68,620,767.00
Program Loans Receivable, net	\$ 10,328,489.00
Fixed Assets, net	\$ 1,457,500.00
Limited Use Assets Held by Trustee	\$ 116,280.00
Total Assets	\$ 115,171,385.00
Liabilities and Net Assets	
Accounts Payable	\$ 4,374,557.00
Bonds Payable	\$ 60,350,100.00
Net Assets	\$ 50,446,728.00
Total Liabilities & Net Assets	\$ 115,171,385.00

Statement of Revenue and Expenses as of June 30th, 2016	
Revenue	
Program Service Revenue	\$ 3,605,301.00
State of Delaware Contract-RGGI	\$ 12,687,241.00
Other Income	\$ 646,191.00
Total Revenue	\$ 16,938,733.00
Expenses	
Program Activities	\$ 3,236,118.00
Support Services	\$ 3,516,254.00
Total Expenses	\$ 6,752,372.00
Increase in Net Assets	\$ 10,186,361.00

2016 DESEU ACCOMPLISHMENTS



The Delaware Sustainable Energy Utility (DESEU) and its Energize Delaware programs have a proven track record of providing energy savings for Delaware's homes, businesses, non-profits and schools. These programs make more money available for expansion and job growth through energy saving projects that reduce operating costs and lower greenhouse gas emissions. Many of our programs are designed to be cash positive from the point of implementation.

We are proud of the progress we've made during the 2016 calendar year. We've established new partnerships to broaden our program inventory, making energy savings programs accessible to even more Delawareans. We are now positioned as the one-stop-shop for energy saving and clean energy programs in Delaware.

Here are some of our 2016 accomplishments:

- **Standards for Excellence® Recognition:** After completing a thorough review, staff at the Standards for Excellence Institute concluded that we comply with the basic principles of the Standards for Excellence code, and awarded Standards Basics recognition as acknowledgment that the DESEU is a well-managed, responsibly governed organization.
- **Finalized Bond Issue participants:** The DESEU worked with potential participants in the upcoming Bond Issue to complete the necessary preparations to participate, including conducting energy audits and selecting Energy Service Companies to perform the work. Several state agencies and school districts will be participating.
- **Another successful year for the Loan Program:** The Energize Delaware Revolving Loan program completed another successful year, closing six loans, with the highlight being a \$4.5 million loan to the Delaware Army National Guard for energy efficiency upgrades and 399 kW in solar energy generation.
- **Launched two programs for low to moderate income families:** The Pre-Weatherization Program and Community Energy Centers launched as part of our initiative to expand the availability of energy efficiency programs to low and moderate income Delawareans.
- **Rolled out the Energize Delaware Farm Program.** This program offers technical assistance, audits, rebates and low interest loans to agricultural producers who want to save energy. We launched the program in late 2016.
- **Expanded DNREC's Energy Efficiency Investment Fund:** Provided funding to

EEIF to expand the program to local governments who previously weren't eligible for the Fund, and cover grants to non-profits.

- **Upgraded the EnergizeDelaware.org website:** In December a new content management system brought a new look, as well as added functionality and security to our website.
- **We've hired a Marketing and Communications Manager:** Kate Bayard joined the Delaware Sustainable Energy Utility as Marketing and Communications Manager in October. She has more than 10 years of experience in renewable energy marketing.

DESEU has built new tactical alliances to bring our Energize Delaware programs to market. These include:

- New Ecology and Elevate Energy have been brought on to develop our Affordable Multifamily Housing Program. Both organizations have deep expertise in designing and implementing efficiency programs for affordable and multifamily housing.
- First State Community Action Agency (FSCAA) and Catholic Charities have been selected to run our Community Energy Center locations. Catholic Charities will operate our Wilmington location and FSCAA will operate locations in Newark, Dover and Georgetown. Both organizations are leaders in providing social services to financially vulnerable Delawareans.
- Vermont Energy Investment Corporation (VEIC) and Milford Housing Development Corporation are working to launch the Zero Energy Modular Home (ZeMod) program in early 2017. VEIC has extensive experience in designing affordable high performance homes and programs while Milford Housing brings expertise in providing affordable housing to rural communities in Delaware.

We are extremely proud of our achievements, growth and success in 2016. As we move into fiscal year 2017, the DESEU will build on its successes and launch new programs based on market demand.

Telling Our Story

2016 saw the DESEU and Energize Delaware programs represented in a variety of ways across print, radio and digital platforms.



In Print

We ran a series of full page ads in the Delaware Business Times that featured our business, government, non-profit, and renewable energy programs.



Online

In July, 2016 we launched our first e-newsletter. Delivered quarterly, this newsletter will feature our favorite news items, tips and stories from our portfolio of programs.

At the end of the year we revealed a new look and feel to the EnergizeDelaware.com website. This more modern look is matched by exciting behind the scenes changes that increase the functionality and security of the site.

On the Air

A four week long spring radio ad campaign on WDSD, WDOV and WILM also featured a series of on air interviews about the DESEU and three of its programs, Home Performance with Energy Star, Faith Efficiencies, and Pathways to Green Schools.



Personnel

In the fall we hired our first full-time Marketing and Communications Manager, Kate Bayard. Having Kate onboard will allow us to increase our marketing and community outreach efforts, so you will see more about the DESEU and Energize Delaware in print, on the radio and online in 2017.



Home Performance with ENERGY STAR® Program



The flagship Home Performance with ENERGY STAR® program is going into its fourth year. A whole-house approach to improving comfort and safety in the home, it provides homeowners significant savings on their utility costs. Delaware homeowners learn ways to improve the energy efficiency of their homes through completion of a subsidized, comprehensive home energy audit performed by certified contractors.

After the audit, homeowners can make energy-saving improvements and take advantage of rebates that make the energy improvements more affordable. Homeowners also receive these energy-saving items (up to a \$160 value) at no additional cost: LED light bulbs, shower heads, faucet aerators, pipe insulation and smart power strips. Qualifying homeowners may also receive special 5.99% financing for energy-saving home improvements, up to \$25,000, through Renew Financial.

To support Delaware's new Downtown Development District initiative, the Home Performance program offers \$50 energy audits and higher rebates to property owners in the designated districts of Wilmington, Dover, Seaford, Georgetown, Harrington, Laurel, Milford and Smyrna.

Program Start.....	2014	Lifetime Energy Savings	\$3,715,704
2016 Participating Households	1,518	Tons of Air Emissions Avoided.....	951
Rebates/Incentives Awarded	\$1,235,842		
Annual Energy Savings.....	\$247,734		

MARK & TRACY HAGERTY'S HOME



Mark and Tracy Hagerty have lived in their home for 30 years. Both work from home, so having a comfortable, energy-efficient house is a priority. Their home's aging HVAC and hot water systems were causing comfort problems during the winter.

Joe Turtoro, an energy advisor, connected the Hagertys with a contractor who performed diagnostic tests using state-of-the-art equipment. The tests revealed insufficient air sealing and insulation and an inefficient air conditioning system, water heater and flue.

"We had no idea how much energy we were losing," said Mark. "We learned so much from the home energy audit. If we hadn't scheduled one, we might've spent thousands replacing our windows, with minimal benefits to show for it.

"We noticed improved comfort right away," continued Mark. "We also try to be conscious of the environment, so there's an additional feeling of satisfaction that less energy is being wasted."

- Mark and Tracy Hagerty

Energy Efficiency Investment Fund



In 2016, the DESEU helped re-launch and expand DNREC’s Energy Efficiency Investment Fund (EEIF) by providing funding to the program to cover non-profit organizations, as well as local governments that were previously excluded if they did not pay the public utility tax.

Administered by DNREC’s Division of Energy & Climate, EEIF provides grants to Delaware businesses, local governments, and non-profits to help replace aging, inefficient equipment and systems with energy efficient alternatives.

Prescriptive grants are available for high efficiency natural gas heating and water heating equipment, energy efficient lighting

and lighting control improvements, vending improvements, and more. The program also offers incentives for energy assessments, as well as custom incentives for unique energy efficiency projects that do not qualify for a prescriptive grant.

Program Start.....	2016	Lifetime Energy Savings Found	16,620 MMBTU
2016 Participating Non-profits.....	3	Tons of Air Emissions Avoidance Found	182
Rebates/Incentives Awarded.....	\$22,065	Total Program Funding Budgeted	\$1,000,000
Annual Energy Savings Found	831 MMBTU		

AMERICAN LEGION POST 19



When the Laurel American Legion Post 19 decided to make some energy improvements to reduce costs and improve the lighting in their facility, they applied for an Energy Efficiency Investment Fund grant last year—only to learn their project was denied due to lack of program funding. Darryl Potteiger, Finance Officer, said **“We were happy to learn that the Delaware Sustainable Energy Utility provided additional funds so our project could move forward!”**

“The new LED lights installed at our Post have saved us about 15 to 20% on our utility bills—even with increased activities and functions at the facility, and the new LED lights provide better quality lighting with more accurate dimming features.” Darryl also stated that their lighting contractor provided excellent customer service for the project. The Laurel American Legion Post 19 received over \$3,700 to assist with the lighting improvements. Darryl also stated that other American Legion Posts across the State could benefit from this program too.

Energize Delaware Revolving Loan Fund



Solar panels on Lewes Library.

The Energize Delaware Revolving Loan Fund has a track record of providing low-interest loans for businesses, non-profits, school districts and local governments to reduce their energy bills by improving the efficiency of their operations. 2016 was another strong year, closing 6 loans totaling \$6,363,994.

The program's appeal is the attractive return on investment (ROI). The loans are structured to be cash positive from day one, eliminating the financial risk of making recommended upgrades. Savings over the life of the project must be greater than the investment including financing.

The program's objective is to encourage the installation of end-user energy efficiency and customer-sited renewable generation and greenhouse gas reduction measures. The result is lower customer bills and reduced environmental impact.

Program Start.....	2011	Annual Energy Savings Closed Loans	
2016 Applications Received	5	EE projects.....	\$343,514
Value of New Loan Applications	\$3,873,913	RE projects*	\$33,934
Loans Closed	5	Closed Loans Lifetime Energy Savings	
Value of Closed/Completed Loans	\$1,865,963	EE projects.....	\$6,870,280
Capacity of Solar PV Systems to be Installed	168 kW	RE projects*	\$848,349
		*Annual retail value of solar generation	

LEWES LIBRARY SOLAR PROJECT



When the Lewes Public Library Board determined that their community would support making their new library “Green,” they turned to the DESEU low-interest loan program. They financed solar panels, LED lighting, and a highly efficient Variable Refrigerant Flow HVAC system. The estimated energy savings from these measures was \$47,500 annually. Their savings enabled them to receive a \$415,000, ten-year loan from the DESEU which covered 50% of the outstanding costs related to the systems.

“The DESEU helped the Lewes Library Board achieve its goal of building a highly energy efficient building. The loan process that we went through was well explained and easy to complete. The loan enabled us to include the solar panels while the project was under construction and not have to wait until after the Library was completed. The loan money, together with the 40% net savings in our utility costs, allows us to leverage our funds in the best way possible for the new library”

- Hugh Leahy, President, Lewes Library Board.

Community Energy Centers



In November 2016, the DESEU launched the Community Energy Center Program through a partnership with the Energy Coordinating Agency of Philadelphia, who administers the program, and through contractual arrangements with First State Community Action Agency and Catholic Charities who manage the day to day operations at the Community Energy Centers.

With locations in Wilmington, Newark, Dover and Georgetown, the Community Energy Center program offers low-income Delawareans a one-stop-shop to access bill payment assistance, energy education, weatherization and related home repair services, energy and budget counseling, as well as referrals to other related programs and services.

While they have only been open a short time, the Community Energy Centers have received a tremendous response from the community, as well as from the state's utilities, who view

it as a welcome complement to their payment assistance programs.

In addition to one-on-one counseling, the Centers also conduct Home Energy Workshops throughout the community. Attendees at workshops receive free weatherization kits, are taught how to install the materials provided, and learn other ways to reduce their energy bills.

DOVER COMMUNITY ENERGY CENTER



I met with a client that wanted energy education because of high utility bills. The client and I sat down and figured out what new changes and habits were needed to help lower their utility bills. I provided several other resources that the client was able to use to get assistance with the electric bill and was happy. I also told them about the Weatherization Assistance Program and the client was excited to hear about the program.

- Vickie Bryant, Energy Advisor at the Dover Community Energy Center

Green for Green Program



Developed jointly with the Home Builders Association of Delaware, this rebate program was available for new homes in Delaware's designated growth areas and applied for by a participating home builder.

The program offered Delaware's new home buyers rebates between \$1,000 to \$4,500 for homes upgraded to national standards for energy efficiency, water conservation, indoor air quality, building materials and other conservation-oriented, energy-saving features.

Average savings range from \$21 to \$47, or up to 36 percent on a monthly electric bill.

The program stopped accepting new applications in 2015, and the homes that were under construction at that time were completed and processed through the incentive program until June 30, 2016.

The results of the program are being used to develop a new program for residential new construction that incentivizes homes built above current residential energy codes and on a path toward net zero energy.

Program Start.....	2013	Annual Energy Savings.....	\$75,007
2016 Participating Households	70	Lifetime Energy Savings.....	\$1,500,140
Home Builders	7 Profit; 1 Non-Profit	Tons of Air Emissions Avoided.....	305
Rebates/Incentives Awarded.....	\$206,200		

CENTRAL DELAWARE HABITAT FOR HUMANITY



"We are the beneficiary of the Green for Green program that helps us build energy efficient houses by giving us the incentives necessary to offset the cost. We are very grateful to the State of Delaware, the Delaware Sustainable Energy Utility and the Homebuilders Association of Delaware who manages the program."

- Jocelyn Tice, Interim Executive Director, Central Delaware Habitat for Humanity

Celebrating the groundbreaking for the Moore Family's house in Dover.

Annual SREC Procurement Auction



The DESEU manages the annual Solar Renewable Energy Credits (SREC) auction on behalf of Delmarva Power in accordance with rules set by the Delaware Public Service Commission. The auction provides a market for solar system owners to sell their SRECs through long-term contracts to Delmarva Power, protecting ratepayers from above market SREC pricing. Delmarva Power is the largest procurer of SREC's in Delaware.

The DESEU operates the program and plans to run at least one solicitation each spring as an online auction in order to fulfill Delmarva's long-term SREC needs. Facilities may qualify for a 10% SREC bonus if built with Delaware labor.

Program Start.....	2012	Value of all SREC Transactions	\$754,725.25/year
2016 Auction Bids Received	187	for the first 10 years; \$396,966.50/year for the last 10	
SRECs Bid into Auction	14,032	years (20 year contracts)	
Auction Bids Accepted	167		
SRECs Accepted	10,627		

WILMINGTON HOUSING AUTHORITY



The Wilmington Housing Authority (WHA) has had a long-term interest having solar energy on its property. They were able to take a major step forward toward that goal by partnering with Ecogy Delaware LLC (Ecogy) to develop a 1.15 MW ground mounted solar array on WHA property. Ecogy will own the project and sell electric from the system at a low cost to the Authority. Critical to the project was its successful participation in the annual Delaware SREC Auction operated by the Delaware Sustainable Energy Utility. The WHA project was one of only five large projects accepted into the auction. Revenue from the sale of the SREC's to DESEU will be passed along as energy savings to the WHA. In addition to participating in the SREC Auction, the project will be financed with a DESEU low-interest loan.

"The Wilmington Housing Authority will enjoy the long-term benefit of lower cost energy from the Ecogy Solar project over the next 20 years. More importantly, this project allows us to help make Wilmington a greener city by greatly reducing our dependency on fossil fuels. Without the Delaware SREC auction, our project would not have been possible."

— Eugene Rudder, WHA Executive Director

Pathways to Green Schools



In 2016, the Pathways program expanded its reach statewide, adding schools in Kent and Sussex County. Administered by the Delaware Valley Green Building Council, the Pathways program continues to assist schools to become energy efficient by providing mini grants for student eco-action and green team projects, free energy audits and assistance with energy benchmarking in ENERGY STAR Portfolio Manager.

Practical Energy Solutions joined the Pathways team in 2016, providing energy audits that include student participation and collaboration with teachers on energy curriculum.

Two schools that have participated in the Pathways program

were recognized nationally for their efforts. Mount Pleasant Elementary earned the Eco-Schools USA Green Flag certification and Wilmington Montessori School was named a U.S. Department of Education Green Ribbon School.

Program Start.....	2014	Annual Energy Savings Found	\$397,591
2016 Participating Schools	14	Lifetime Energy Savings Found	\$7,951,820
Schools Enrolled in Portfolio Manager	10	Tons of Air Emissions Avoidance Found	6,774
School Audits Complete	5	Total Program Funding	\$105,000
Schools Received Awards	6		

WILMINGTON MONTESSORI SCHOOL



“The Pathways to Green Schools program has inspired the Wilmington Montessori School community to reach for higher goals related to green practices and awareness. Pathways to Green Schools has given our staff and students access to resources by way of high-quality professional development, a network of specialists and an abundance of good ideas. Through the Pathways program, Wilmington Montessori has also joined the Eco-Schools program, and we were honored as a 2016 U.S. Department of Education Green Ribbon School. These programs have allowed us to connect with schools in Delaware and the United States to learn what is possible. Most importantly, the students and staff are more engaged, more knowledgeable, and more committed to the school's environmental stewardship and sustainability.”

- Laura Z. Orsic, Assistant Head of School
Wilmington Montessori School