Delaware Sustainable Energy Utility

Oversight Board Meeting Minutes

Friday, May 15, 2026 – 9:00 am, via Zoom

Members present were Sean Finnigan, Ric Moore, Kris Knight, Senator Hansen, Michael Chajes, and Secretary Patterson. Also present were Frank Murphy and Tom Noyes.

Welcome

1. Approval of Minutes

    a. Oversight Board Meeting Minutes – March 20, 2026

Review of the March 20, 2026 Oversight Board Meeting Minutes.

Senator Hansen made a motion to approve the minutes of the March 20, 2026 Board meeting. Ric Moore seconded the motion, and the motion carried unanimously with no abstentions.

2. **DNREC Green Energy Fund Update**

Brett Swan provided an update on the DNREC Green Energy Fund, which included increasing incentives. Jameson Tweedie mentioned the delta created by the loss of the federal tax credit and how Delaware is filling the gap from the federal policy changes; Senator Hansen agreed. Brett discussed the increased residential, commercial, and nonprofit solar grants. This agenda item did not require a Board vote.

3. SEU Business

    a. **Chesapeake Utilities – Solar Canopy & EV Charging Grant Revision**

Chesapeake Utilities approached us last Fall with a request for grant assistance to install four behind the fence EV charging stations for their EV fleet vehicles and solar on their existing vehicle canopy. Since Board approval of a $200,000 grant last Fall, Chesapeake Utilities has received quotes for the project which came in higher than our team anticipated when we estimated the overall project cost. The cost of the EV station is $68,000 and the Solar Canopy is $285,172 for an overall project cost of $353,672. There are some additional costs of about $10,000 that Chesapeake Utilities will be covering for interconnectivity.

Ric Moore asked for clarification about cost per watt and why the solar projection is so high. Drew said the cost per watt is $2.80 and the Solar Renewable Energy Credits would come back to the DESEU is approved.

Senator Hansen made a motion to approve Grant amount, seconded by Ric. The motion was approved with one abstention (Ric Moore).

b. Residential Solar Loan Program Revision

Earlier this year, the Residential Solar Loan Program was adjusted due to the December 31, 2025 expiration of the federal investment tax credit. The two changes were: 1) increasing the loan amount from $30,000 to $50,000 and 2) increasing our loan from 70% of costs to 100% of costs. These changes along with the pending expiration of the tax credits, made FY26 our most successful residential solar loan year to date with increased solar energy generation, loan fund utilization, and energy savings. After talking with some solar installers, the Governor's office, and Public Advocate, two additional changes would benefit our program. First, to increase accessibility the credit score threshold should be reduced from 650 to 600. The other change will significantly decrease the monthly repayments of the loans and ensure most projects are cashflow positive very early after installation. That change is to increase the loan term from 10 years to 15 years.

Senator Hansen asked to confirm this includes coverage of energy storage. Drew responded that the solar loans include energy storage as well as roof replacement where it is required to install solar.

Ric Moore made a motion to approve revisions to the Residential Solar Loan Program with stipulation of annual review. Jameson Tweedie seconded the motion, and the motion carried unanimously with no abstentions.

c. DEC Virtual Power Plant Pilot Program

A Virtual Power Plant (VPP) is a network of decentralized energy storage systems that can be aggregated during times of grid stress and high energy price spikes in the PJM Energy Market, among other uses. To gain further understanding and lessons learned ahead of larger storage programs, the DESEU requested the Board approve entering into a contract with the Delaware Electric Cooperative for up to $250,000 to purchase, install, and utilized energy storage systems as a Virtual Power Plant within the Cooperative service territory.

Senator Hansen mentioned the potential creation of a future House Bill and wants to confirm there's no competition. Drew Slater recommended treating this as a research and development project, which helps us understand its uses, savings, and provide learning opportunities for future programs. Jameson mentioned this pilot can help us learn how to effectively use batteries in utility service territories.

Ric Moore made a motion to approve SEU entering a contract in an amount not to exceed $250,000 with Delaware Electric Cooperative. Senator Hansen seconded the motion, and the motion carried unanimously with no abstentions.

d. FY26 Budget Revisions

Drew Slater thanked Ric Moore for previous conversations regarding FY26 Budget Revisions.

<u>REVENUE ADJUSTMENTS</u>
Most line items are either up or down by a small margin based on trend projections with three outliers.

- <u>5030 Annual RGGI Allocation:</u> We believe total FY26 funding to be closer to $42 million this year, which is an increase of $10 million over projected. As a market-based program, and with Virginia re-entering RGGI, we anticipate $36 million next fiscal year.
- <u>4550 SREC Trade Fee Reimbursement:</u> We budgeted $650,000 this fiscal year but believe

the total reimbursement to be closer to $810,000 for the remainder of the year and have adjusted the budget to reflect this increased amount of $160,000.

- 5190 Energy Savings Exchange Income: We budgeted $55,000 and have received $242,003.07.

EXPENSES

The following line items require an adjustment based on spending through April 30, 2026.

- 8614 CIB Soil Carbon Storage and Education: $1.25m -> $500,000

The expectation through the remainder of the year is a reduction of $500,000. However, we expect the partnership to pick up in the new fiscal year and are budgeting $1.25 million in FY27.

- 8610 Delaware Energy Fund: The Delmarva Power Customer Relief Fund has taken a major role since August and will be winding down by the end of the fiscal year. The Delaware Energy Fund is currently for non-DPL customers with legislative parameter on qualifications. We are reducing the budget from $2 million to $500,000 through the remainder of the fiscal year with anticipation of an expanded program in the new fiscal year once the Customer Relief Fund is fully utilized.
- 8612 Non-Profit EEIF Grant: It is our goal to expand this program and incentives in FY27. As such, we are reducing this year's budget to more accurately reflect projected spend from $1.5 million to $500,000.
- 8662 Energize Delaware Multifamily Housing: The Multifamily projects can take multiple years to reach incentives. The budget anticipated was $2.8 million but we believe only $1.25 million will be utilized this fiscal year. We continue to work to expand prescriptive measures in this program to assist multifamily property owners and occupants and reduce the permitting and siting lag.
- Challenge Higher Ed Solar: We have identified projects, but their timeline will slip into FY27. Therefore, we are reducing the budget from $3 million to $1 million for the remainder of the fiscal year.

Ric Moore made a motion to approve the FY26 Budget Revisions. Senator Hansen seconded the motion, and the motion carried unanimously with no abstentions.

e. FY27 Budget Proposals

Drew Slater shared the FY27 Budget Proposals and shared the following notes:

- Expected income increases about $4 million over last year
- Research and Development expenses estimated to decrease $485,000
- Natural Climate Solutions programs expected to increase $405,000
- RGGI programs expected to decrease to $62.3 million in FY27 with the most significant reductions in Affordable Multifamily Housing because of their long timeline, Home Energy Checkup and Counseling with the expiration of the Delmarva Power funds, and Home Performance with Energy Star® with a new contractor on board.
- One additional note is the expected decrease in the Residential Solar Loan program and expectation the program will be more in line with previous years. However, this may need to be revisited halfway through the year with the DNREC Green Energy Fund report we received earlier in the meeting.

Ric Moore made a motion to approve the FY27 Budget Proposals. Senator Hansen seconded the motion, and the motion carried unanimously with no abstentions.

f. Contracts and Services

With the new fiscal year, a list of contracts and service agreements were presented to the Board seeking approval for the Executive Director to execute new contract agreements or contract extensions for a variety of our programs. Contract amounts, scopes of work (SOWs), and rates will be negotiated with each of the program partners and service providers during the contracting process. Contracts will be established with not to exceed amounts within the FY27 Budgets approved for each program by the DESEU Board.

Ric Moore made a motion to approve the Executive Director to enter into contracts for services related to the FY27 budget. Senator Hansen seconded the motion, and the motion carried unanimously with no abstentions.

4. Reports
Drew Slater presented the following reports:

a. Executive Director
b. Program Activity Report
c. Budget Report

5. New/Old Business –
Drew mentioned he would be on Jury Duty beginning the first week of June, which would last two weeks.

On June 4th, Drew received approval from the Board to move forward with the City of Newark's request for bridge financing of their solar project. Support of the bridge financing was unanimous of the members present (Senator Hansen, Secretary Patterson, Sean Finnigan, Michael Chajes, Senator Paradee, and Jameson Tweedie).

6. Public Comment – No members of the public wished to speak during the meeting.

Ric Moore made a motion to adjourn, seconded by Senator Hansen. The motion was approved unanimously with no abstentions. The meeting adjourned at 10:38 AM.