

## IMPLEMENTATION OF THE CLEAN AND AFFORDABLE ENERGY ACT OF 2008

THE HONORABLE COUNCILMEMBER MARY CHEH, CHAIRPERSON  
COMMITTEE ON GOVERNMENT OPERATIONS & THE ENVIRONMENT

COUNCIL OF THE DISTRICT OF COLUMBIA

TESTIMONY OF GEORGE S. HAWKINS, ESQ.  
DIRECTOR, DISTRICT DEPARTMENT OF THE ENVIRONMENT

WEDNESDAY, JULY 8, 2009 AT 1:00 P.M.  
THE HISTORIC WILSON BUILDING, ROOM 120  
1350 PENNSYLVANIA AVENUE NW

Good afternoon Chairperson Cheh and members of the Committee on Government Operations and the Environment. I am George Hawkins, Director of the District Department of the Environment (DDOE). Thank you for this opportunity to present testimony on DDOE's Implementation of the Clean and Affordable Energy Act of 2008. On behalf of DDOE, I would like to express our appreciation for your interest in energy efficiency issues, and your leadership on environmental matters in general. As I have stated before, it is my goal and our Mayor's goal to make the District a national and international leader in sustainable urban practices, including the efficient use of energy.

The Clean and Affordable Energy Act of 2008 (CAEA) established authority for the Mayor, by and through DDOE, to contract with a private entity to be known as a Sustainable Energy Utility (SEU). The SEU will serve under a performance-based contract to DDOE with input and recommendations from the SEU Advisory Board, and oversight from the Council of the District of Columbia (Council). The SEU will have the authority to administer sustainable energy programs in the District of Columbia.

The SEU's objectives for the District are:

- to reduce per-capita energy consumption;
- to increase renewable energy generating capacity;
- to reduce growth of peak electricity demand;
- to improve energy efficiency of low-income housing;
- to reduce growth of energy demand of the District's largest energy users; and
- to increase the number of green-collar jobs in the District.

To this end, DDOE has taken the following steps toward implementing the CAEA and establishing the SEU.

1) As of December 31, 2008, the branding of the SEU has been completed by DDOE. The SEU will be known as "Green Energy DC". The website, [www.greenenergy.dc.gov](http://www.greenenergy.dc.gov), is operating and serves as the portal for information on energy efficiency and renewable energy programs for residents and businesses in the District. *CAEA Sec 206(a),(b)*

2) The Sustainable Energy Trust Fund (SETF) and the Energy Assistance Trust Fund (EATF) are established, and the Reliable Energy Trust Fund (RETF) and the Natural Gas Trust Fund (NGTF) have been dissolved. The funds collected in the SETF and EATF are being used to fund 15 existing electricity, natural gas, low-income, and temporary electricity energy efficiency and renewable energy programs administered by DDOE.

In early June, Council approved \$5 million in additional authority for LIHEAP, the greening of government buildings, and other programs. DDOE has submitted quarterly reports to the Council that account for revenue collected, program expenditures, DDOE's administrative costs across all 15 programs, and

present timelines and program activity for the remainder of Fiscal Year 2009. *CAEA Sec. 210(a)(1),(e) & 211(a)(1)*

3) DDOE established the Renewable Energy Incentive Program (REIP). This SETF program is annually funded at \$2 million per year until 2012. The REIP encourages local market transformation to clean technology industries by providing incentives to District residents to purchase renewable energy generating equipment. It is expected that the program will help create local green jobs, including equipment manufacturing, installation and repair, and the development of startup companies, such as financial service companies looking to assist in trading renewable energy credits. DDOE launched the REIP on February 23, 2009, and demand has exceeded capacity for REIP funding levels, indicating a strong consumer desire for on-site systems. *CAEA Sec. 209 & 210(c)(8)*

4) DDOE has retained a consultant, the Center for Energy and Environmental Policy of the University of Delaware (CEEP), who is preparing the draft SEU Request for Proposal (RFP) for the contract administrator. The CEEP has extensive experience in renewable energy and energy efficiency policy, and a strong track-record of developing strategies to make renewable energy and energy efficiency more affordable for consumers. CEEP consultants are the leading experts in the establishment of the sustainable energy utility model, and have first-hand experience in the establishment of a sustainable energy utility. For example, CEEP developed the 2007 Delaware law that created the Delaware Sustainable Energy Utility (DSEU), which provided a legislative template for the District's Clean and Affordable Energy Act of 2008. CEEP also wrote the DSEU Contract Administrator RFP and DSEU Fiscal Agent RFP for the Delaware Energy Office. *CAEA Sec. 205(b)*

5) DDOE provided SEU Board nominees to the Office of Boards and Commissions representing each of the CAEA designated industries. By Mayor's Orders dated March 18, 2009, May 11, 2009, April 15, 2009 and June 3, 2009, seven Board members were appointed to the SEU Board. On June 15, 2009, DDOE sent a welcome introductory and congratulatory email to the newly appointed Board members stating that DDOE is looking forward to working with the SEU Advisory Board to continue to provide outstanding energy efficiency and renewable energy programs to the residents and businesses of the District. *CAEA Sec. 203(b)*

The Mayoral appointed members include:

- Lawrence Martin, representing an environmental group
- Robert Egger, representing the low-income community
- Joseph Andronaco, representing the economic development community with particular expertise in the generation of green-collar jobs
- Christopher Vanarsdale, representing the building management industry
- Donna Cooper, representing the electric company
- Bernice McIntyre, representing the gas company
- Richard Morgan, representing the Public Service Commission

In addition, John Mizroch has also been sworn in. As you know, Mr. Mizroch represents the committee you chair, the Committee on Government Operations and the Environment.

6) DDOE has provided the Board members with the consultant's work plan under which DDOE is currently operating, which includes the tasks and timelines for completion, and demonstrates that DDOE intends to have the draft SEU RFP ready for Board review as mandated, by October 26, 2009.

7) In anticipation of the SEU Advisory Board's adoption of rules and procedures governing its meetings and decision-making process, DDOE has prepared draft bylaws to be presented to the Board for review, comment, and consideration. *CAEA Sec. 204(b)*

I would like to state here that the Office of the Attorney General has advised DDOE that because the language of the CAEA is written in terms of "the Board" making specified decisions, matters such as voting on by-laws and rules would be premature until the full Board has been sworn-in. However, once

the full Board has been assembled, procedures and by-laws adopted by the Board may specify a lesser number of members that may act in lieu of the whole Board on particular matters. In the interim, Board members have started to discuss potential meeting dates in anticipation of the Office of Boards & Commissions swearing in the remaining Board members.

That said, the eight Board members have indicated they wish to meet informally to meet each other, and begin the preparatory work in anticipation of the remaining members being sworn in. The first "informal" meeting is scheduled for July 24th at 10:00 am, at One Judiciary Square, Old Council Chambers, 441 4th Street, NW, First Floor.

8) DDOE has hired a staff assistant to the SEU Board, who will provide administrative support and resources to the Board. *CAEA Sec. 204(j)*

9) DDOE is planning to hold an "Industry Day" in late summer 2009 to provide SEU information, and solicit advice and input from private entities that may bid on the SEU contract. *CAEA Sec 205(b)*

10) DDOE has ensured that an Evaluation, Measurement & Verification (EM&V) system will be in place to monitor and assess the performance of the SEU, and verify that SEU contractor expenditures have resulted in energy savings over the expected life of each energy efficiency measure, as compared to baseline levels. DDOE is participating in the North-East Energy Efficiency Partnerships (NEEP) EM&V Forum to develop consistent EM&V protocols in the Northeast U.S. for energy efficiency and demand-side management programs. *CAEA Sec. 205(k)*

11) The CAEA directed the Public Service Commission of the District (Commission) to establish a proceeding to examine mechanisms for long-term affordable financing options to energy consumers to purchase renewable energy generating systems, and home and business improvements that increase the energy efficiency of buildings. The Commission established this proceeding on December 24, 2008 (Formal Case No. 1068, Order No. 15148). On May 26, 2009, DDOE submitted comments in response to comments of the electric and gas distribution companies and the Office of the People's Counsel, and requested that the Commission take the comments into consideration when developing and recommending financing mechanisms for renewable energy and energy efficiency in the District. *CAEA Sec. 213.*

12) DDOE and the Office of Property Management (OPM) are collaborating to fulfill the Energy Star benchmarking requirements. OPM's energy team has completed benchmarking of 10 District-owned buildings, as required by law, and that information is posted on OPM's web page and green.dc.gov. OPM is collecting Energy Star Portfolio Manager information from all agencies and preparing other District agencies to meet their energy reporting requirements by conducting training sessions on the Energy Star Portfolio Manager benchmarking tool. DDOE, OPEFM, MPD, Fire & EMS, and DCPL participated in this first training session on June 15. OPM also plans to put buildings management systems in place that will enable the agency to observe energy performance in real time and control and monitor systems. *CAEA Sec. 501(a-1)(1)*

DDOE is striving to adhere to the timeline in accordance with CAEA legislation, as indicated in the attached table below. Although these key dates and actions are contingent upon the appointment of the SEU Advisory Board members, DDOE is seeking to do as much as possible in the interim, and to position itself in such a way that once the Board is in place, the schedule may be accelerated.

I thank you again for the opportunity to testify, and look forward to answering any questions the Committee may have.

Table 1. Timeline for Sustainable Energy Utility Implementation

11/14/2008	Appointment of SEU Advisory Board Members by Mayor, Council Chair/Chair of the Council Committee with oversight of the Energy Office
12/31/2008	Branding and Website ( <a href="http://www.greenenergy.dc.gov">www.greenenergy.dc.gov</a> )
02/13/2009	Renewable Energy Incentive Program published in DC Register
04/29/2009	SEU Board recommends SEU performance benchmarks
10/01/2009	Mayor commissions wind feasibility study
10/26/2009	DDOE submits draft RFP for SEU in Board
02/23/2010	DDOE to issue the RFP for SEU
07/19/2010	DDOE submits the SEU bids to the Board
08/18/2010	Board recommends winning SEU bidder
11/01/2010	SEU contracted and becomes functional