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January 24, 2009

The Honorable Thomas R. Carper  
United States Senate  
513 Hart Building  
Washington, DC 20510

Dear Senator Carper:

On behalf of the City of Dover, we are writing to express our profound concerns and request your assistance. The July 11<sup>th</sup> decision by the U.S. Court of Appeals for the D.C. Circuit vacating the Clean Air Interstate Rule (CAIR) and the same court's subsequent decision to remand without vacatur is harming the environment and our economic interests. We urge you and your colleagues to clarify the sulfur dioxide and nitrogen oxide emissions rules and maintain the highly successful cap and trade approach used in the Acid Rain and NO<sub>x</sub> SIP Call Programs.

Dover has been a leader in reducing harmful pollutants and supporting the transition to more stringent CAIR pollution controls. Dover recently completed a major retrofit of its power plants to dramatically reduce the air pollutants generated in the service of the city's approximately 22,000 customers. Dover has installed its own solar panels, supported the Delaware Green Energy Program and supported the Delaware Municipal Electric Corporation voluntary carbon reduction program. Dover also purchased the rights to capacity from the offshore Bluewater Wind Project. Over the last six month, Dover has been evaluating the development of a large scale renewable energy power plant.

Unfortunately, the court found CAIR to be inconsistent with the Clean Air Act. In the July 11<sup>th</sup> decision the court found multiple CAIR provisions to be unlawful, including: the compliance date for upwind states, the methodology for allocating the regional cap, the reduction in the Title IV acid rain allowances, and EPA's region-wide approach to emission reductions. Although CAIR remains in effect until a successor rule can be adopted, the courts original findings invalidate such fundamental provisions as to create great uncertainty as to the substance of a revised rule.

This uncertainty is harmful to municipalities and the public alike. Municipalities, like Dover, bear the cost as they are forced to consider infrastructure improvements – investments that would improve the environment and reduce costs – under a fog of indeterminate regulation. This regulatory fog has caused a drop in the emission allowance markets. These markets were a revenue source that Dover planned to take advantage of to offset its pollution control investments. Our December market analysis indicates a \$677,000 loss in anticipated revenue as a result of the uncertain market. Additionally, each day that passes is a day lost in the effort to

47 reduce harmful pollutants and their effect on the health of our citizens and the environment.  
48 EPA found that CAIR's health benefits could reach \$100 billion including the prevention of  
49 17,000 premature deaths annually as well as significantly limiting emergency room visits and  
50 lost work days.

51  
52 In our opinion, the court's findings leave one effective path forward: Congressional action. We  
53 strongly urge Congress to act to provide for the CAIR-estimated emissions reductions of 73%  
54 SO<sub>2</sub> and 61% NO<sub>x</sub>. Given the success of the existing Acid Rain Program, with an EPA  
55 estimated SO<sub>2</sub> reduction of 35 percent relative to 1990, we also urge Congress to act to ensure  
56 that a cap-and-trade program be preserved. In our opinion, a CAIR-like program would most  
57 effectively provide the health and economic benefits so urgently needed while limiting the costs  
58 to the rate payers.

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60 We thank you for your consideration of this important issue and for your service to our country.

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63 Sincerely,

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67 CARLETON E. CAREY, SR.  
68 Mayor

KENNETH L. HOGAN  
Council President

ANTHONY J. DEPRIMA  
City Manager

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<b>SEU –related recommendations</b>
<b>WG1. 2: Retrofitting of Existing Homes for Energy Efficiency</b> <i>SEU should defray energy efficiency investments of existing homes, both rental units and owner-occupied.</i>
<b>WG1. 4: Energy Efficiency Financing of New Homes</b> <i>The State should explore, in coordination with the SEU, new energy efficiency financing models of new and existing homes.</i>
<b>WG1. 3A: Enhanced Energy Efficient Construction of New Homes</b> <i>The Sustainable Energy Utility (SEU) should finance the incremental investments required for meeting the EPA Energy Star Program requirements (up to an average of \$2,500-\$3,000)</i>
<b>WG1. 14: Distributed Renewable Energy</b> <i>Support the SEU's goal to install customer-sited renewable energy as a mechanism to reduce transmission and distribution energy losses, dependence on the grid, peak demand, and Delaware's carbon footprint.</i>
<b>WG4. 9B: Alternative Fuel/Fuel Efficient Vehicles</b> <i>Offer, through the Sustainable Energy Utility (SEU), economic incentives to encourage public and private fleet owners to purchase fleet vehicles that meet the State standards (developed in A above).</i>
<b>WG4. 9C: Alternative Fuel/Fuel Efficient Vehicles</b> <i>Provide, through the SEU, economic incentives for home infrastructure options to encourage greater use of alternative fuel vehicles such as electric, compressed natural gas (CNG) and Vehicle-to-Grid (V2G).</i>
<b>WG5.17C. Energy Storage - As systems with improved storage capacity are commercialized the Sustainable Energy Utility will be important in driving adoption.</b>

<b>Governance</b>
<b>WG2. 2: Energy Planning Governance</b> <i>Energy Policy should be elevated to the Governor's office by creating a Governor's Executive Office for Energy Policy that would provide for coordinated development and implementation of Delaware Energy Policy, including a review and evaluation of the governance structure regarding energy issues among executive bodies including but not limited to: DNREC, the Energy Office, the Public Service Commission, the Public Advocate, the Governor's Energy Advisory Council and the Governor's Office.</i>
<b>WG3.5. Permitting, Siting &amp; Right-of-Way Coordination</b> <i>The State should promote increased coordination between all stakeholders to simplify the permitting, siting and right-of-way acquisition process for electric and natural gas transmission and distribution projects.</i>

<b>Green Energy Program</b>
<b>WG2. 7: Green Energy Program</b> <i>The Green Energy Program should be examined and aligned to complement other programs, including the SEU, to help achieve Delaware's renewable energy goals and solar carve-out. The review of the Green Energy program should include the Public Benefit Charge, including the question of application of the charge equally state-wide.</i>
<b>WG5.10: Solar - The immediate step is that the State needs to conduct a financial analysis of options for the Green Energy Fund in how it will interact with the SEU and federal incentives to achieve or exceed the 2% solar carve-out required in the RPS law.</b>

<b>Education/Outreach</b>
<b>WG1. 10: Energy Efficiency Education Program</b> <i>The Sustainable Energy Utility (SEU) should develop a comprehensive education program to inform Delawareans on energy efficiency that includes:</i>
<ul style="list-style-type: none"> <li>• <i>Energy efficiency steps targeted to different sectors of the economy that would include information that these groups could use to increase their energy efficiency, including easily achievable, cost effective actions;</i></li> <li>• <i>Behavioral aspects of maximizing energy efficiency and conservation;</i></li> <li>• <i>Information about the SEU as a comprehensive source of support for efficiency, conservation and renewable;</i></li> <li>• <i>Information on additional programs available from other sources, such as tax credits, deduction or rebates;</i></li> <li>• <i>Information about the scope and potential of distributed renewable in the State.</i></li> </ul>

**WG2. 11: Public Education & Outreach**

*The State should develop and implement a comprehensive public education and outreach program that includes:*

- *Informing citizens about public policies (such as the Renewable Energy Portfolio Standards and Regional Greenhouse Gas Initiative) and the incentives available from the State, the Sustainable Energy Utility and the Federal government.*
- *Educating citizens about the importance and benefits of reducing the state’s greenhouse gas emissions—including the economic benefits, new jobs and improved public health, and the potential costs of not doing so.*
- *Educating citizens on how to determine their personal GHG footprint and actions they can take to reduce it.*
- *Establishing criteria by which the educational plan can be evaluated objectively on a regular basis.*

**WG5.8.: Implement an aggressive public awareness program.**

A full scale Marketing Plan should be recommended to drive communications and execution of our plan. This plan should specifically include both local education on how to utilize the clean technologies and external marketing of “Why Delaware”. The effort should target all stakeholders (public, state and federal government, targeted industries and companies, and academia).

**RPS****WG2. 4A: Renewable Energy Portfolio Standards**

*The Renewable Energy Portfolio Standard (RPS) should be expanded to apply to the Delaware Electric Cooperative (DEC) and Delaware Municipal Electric Corporation (DEMEC).*

**WG2. 4B: Renewable Energy Portfolio Standards**

*In 2010, the Governor should have an evaluation conducted to determine whether or not to increase the RPS requirement to be greater than the current specification of 20% by 2020.*

**WG5.9: Wind - Renewable Portfolio Standards Modifications – (LEGISLATION)**

The State should evaluate its Renewable Portfolio Standards legislation to provide increasing incentives for Delaware electricity users and load-serving entities to purchase an increasing number of blocks of wind power, incremented every two years with the stated goal of meeting all growth and replacing imports.

**State-Funded Buildings****WG1. 7: State Energy Efficiency Policy**

*Delaware should create and implement a State Energy Efficiency Policy which would establish a standard for the design, construction, renovation, and operation of all State funded facilities, including schools, to optimize energy efficiency and minimize overall energy consumption.*

**WG2. 3: Public Buildings and Facilities**

*The State should promulgate or enact a policy that sets standards and requires renewable energy systems to be incorporated in new construction and renovations of public facilities.*

**WG1. 8: Demonstration Project - Schools**

*Conduct a demonstration project, in which a school is designed, built and operated to LEED silver or gold standards. Compare the construction costs as well as the on-going operating costs to a typical school constructed and operated to current standards.*

**Solar Access****WG2. 6: Solar/Renewable Energy Access**

*Solar and renewable energy rights should be available to the citizens of Delaware. Barriers, and methods to relieve those barriers, need to be examined and addressed. One approach to consider is legislation that would reduce barriers, including deed restrictions and covenants, to installation of new renewable energy systems.*

**WG5.10 Solar - Eliminate Deed Restrictions – (LEGISLATION)**

Presently, deed restrictions exist in many communities that do not allow solar hot water or solar electricity systems, creating a substantial roadblock to new business opportunities in solar energy conversion.

**Smart Grid/Demand Response****WG1. 12A: Demand Response**

*Support deployment of demand response, AMI and Smart Grid technologies, with dynamic pricing, by ensuring that this demand response effort continues through to completion statewide.*

**WG1. 12B: Demand Response**

*Support efforts, currently underway, by the utilities, the Public Service Commission and other stakeholders to create a decoupling mechanism that will remove disincentives to the utilities to promote demand response, load management and energy efficiency. The impacts on low-income households need to be factored into the program specifics.*

**WG3.4. Smart Grid Technologies**

*The State should encourage all electric utilities to incorporate "Smart Grid" technologies.*

**WG3.7Pricing Structures to Support Energy Efficiency & Conservation**

*The State should encourage the evaluation and potential adoption of pricing structures and mechanisms that support the State's efforts in promoting energy efficiency and conservation measures which are economically feasible, do not unduly burden utility ratepayers, and which eliminate disincentives for the utilities' support of such measures.*

**Electricity – Diverse Portfolios****WG3.3. Diverse Resource Portfolios**

*The Work Group recommends that the State encourage all electric utilities adopt a resource portfolio approach reflecting a diverse mixture of the following: transmission, substantial levels of Energy Efficiency ("EE") and Demand Side Management ("DSM"), and generation.*

**WG5.9: Wind - Power Sector Planning**

*The State should adopt policies that better adapt power sector planning to fuel-free generation*

**Fleet-related****WG4. 9A: Alternative Fuel/Fuel Efficient Vehicles**

*Establish high standards for fuel efficiency and environmental impacts for new fleet purchases by the State.*

**WG5.12F: Vehicle to Grid - Conduct a pilot project with state government or other large fleets to prove the economics of selling back to the grid.**

*This is another opportunity for public/private partnerships.*

**WG5.13B: Hydrogen/Fuel Cells - Implement a State fuel cell vehicle fleet pilot project.**

*The pilot project would help to create a functioning system of fuel pumps and vehicles located near where the research is being conducted.*

**WORK GROUP 1 – Reducing Energy Use****WG1.1: Residential Energy Code**

*Delaware's Residential Building Energy Code should be updated to reflect the adoption of the most current edition of the International Energy Conservation Code (IECC). Additionally, the Delaware Energy Office should be given the authority through legislation to require an update of the State Building Energy Code to most current IECC every three years based on current code promulgation cycles. Training needs to be provided to all building code officials upon adoption of each update to the code.*

**WG1. 3: Enhanced Energy Efficient Construction of New Homes**

*3B. The State should match the Federal tax credit by extending a homebuilder a \$2,000 tax credit for building a home that uses 50% less energy than the 2006 IECC, or the current code if more recent.*

**WG1. 5: Expand the Weatherization Assistance Program**

*Double the budget of the Weatherization Assistance Program (WAP) to enable the program to provide weatherization services to between 800 and 1,000 low-income owner-occupied and rental households per year and shorten the present wait time to 1.5 years by 2016 (or sooner) and enable up to \$3,500 to be spent per house.*

<p><b>WG1. 6A: Commercial Energy and Ventilation Codes</b>  <i>Adopt the most recent edition of ASHRAE Standard 90.1 “Energy Standard for Buildings Except Low-Rise Residential Buildings” as our State energy code.</i></p>
<p><b>WG1. 6B: Commercial Energy and Ventilation Codes</b>  <i>Adopt the most recent edition of ASHRAE Standard 62 – “Ventilation for Acceptable Indoor Air Quality” as our State ventilation code.</i></p>
<p><b>WG1. 6C: Commercial Energy and Ventilation Codes</b>  <i>The Delaware Energy Office should be given the authority through legislation to require an update of the State Commercial Building Energy Code to most current ASHRAE Standard 90.1 every three years based on current code promulgation cycles. Training needs to be provided to all building code officials upon adoption of each update to the code.</i></p>
<p><b>WG1. 9A: Combined Heat and Power (CHP)</b>  <i>DNREC should develop CHP regulations for boilers/power plants on an energy output basis.</i></p>
<p><b>WG1. 9B: Combined Heat and Power (CHP)</b>  <i>Develop a set-aside of allowance allocations for energy efficiency and renewable energy in Delaware’s NOx and CO2 trading programs.</i></p>
<p><b>WG1. 11: Energy Efficiency Resource Standard</b>  <i>The PSC should conduct a study considering emplacement of an Energy Efficiency Resource Standard (EERS) to insure energy efficiency is treated equal to new energy supplies. The results of the study should then be reported to the Governor’s Energy Advisory Council</i></p>
<p><b>WG1. 13: Energy Efficiency in PJM Capacity Market</b>  <i>Support development of a program for meaningful participation of energy efficiency in PJM capacity markets. Encourage participation of Delaware energy efficiency providers in the capacity market.</i></p>

<p><b>WORK GROUP 2 - Footprint</b></p>
<p><b>WG2. 1: Climate Change Commission</b>  <i>The Governor should establish a greenhouse gas reduction goal and a Climate Change Commission to develop a detailed Climate Change Action Plan for Delaware, including a trajectory for the reduction in greenhouse gas emissions and an adaptation plan, incorporating periodic review and evaluation of the plan.</i></p>
<p><b>WG2. 5: Net Metering</b>  <i>Legislation should eliminate forfeiture provisions from the Net Metering Law</i></p>
<p><b>WG2. 8A: Biomass Energy</b>  <i>An updated “Delaware Biomass Supply Assessment” should be conducted, including current and potential biomass feed stocks and by-products from all agricultural &amp; forestry activities in the urban and rural communities of the state.</i></p>
<p><b>WG2. 8B: Biomass Energy</b>  <i>Delaware Senate Bill 280, enacted during the 140<sup>th</sup> General Assembly, should be amended to eliminate unconstructive impacts on Delaware’s biomass utilization and economic growth both in the urban and agricultural communities.</i></p>
<p><b>WG2. 9A: The Role of Delaware’s Local Governments in the State’s Energy Plan</b>  <i>Local governments should be encouraged to develop climate change action plans.</i></p>
<p><b>WG2. 9B: The Role of Delaware’s Local Governments in the State’s Energy Plan</b>  <i>Local governments should be asked to identify specific state policies and programs and forms of assistance that would be helpful to them in developing and implementing their climate action plans.</i></p>
<p><b>WG2. 9C: The Role of Delaware’s Local Governments in the State’s Energy Plan</b>  <i>The State should develop and implement specific policies and programs that are complementary to these local plans; and provide financial assistance, technical assistance, planning grants and other incentives that will help local Delaware governments to overcome the financial and technical obstacles that prevent their developing and successfully implementing these climate change plans and projects, which could include but not be limited to, the following:</i></p> <ol style="list-style-type: none"> <li><i>a. Establish and fund a Local Government Liaison/Assistance unit within the State Energy Office which will develop expertise in best practices for local government climate change plans and activities, provide climate change planning grants to local governments, and ongoing technical assistance.</i></li> <li><i>b. Develop and/or acquire greenhouse gas (GHG) inventory tools that can be shared with local governments so that they can determine baselines, effectively track emissions and monitor progress in reaching the goals of</i></li> </ol>

*their climate change plans.*

- c. Examine how the State can support the process underway to “write the official Protocol for GHG inventory for all U.S. local governments” which has been undertaken by the International Council for Local Environmental Initiatives (ICLEI).*
- d. If and when the federal Energy Efficiency and Conservation Block Grant (EECBG) program is funded, the Local Government Assistance unit should establish a process for providing sub grants to non-entitlement communities in the state.*
- e. Require that all Comprehensive Land Use Plans include an “element” for Energy and Conservation. This element should identify an existing Climate Change Plan or the process and timetable for developing one within a prescribed timeline.*
- f. Revise the state formula for Municipal Street funding to give additional funding to those municipalities that have a Climate Change Plan and/or are achieving pre-determined levels of GHG emissions reductions.*
- g. Identify “green energy” purchasing policies and identify awarded contracts as containing “green” items on the state’s contracting web site.*

**WG2. 10: Electric End-Use Substitution Demonstration Project**

*The State should develop a demonstration project for electric end-use substitution, storage and control, focusing on alternatives to non-renewable heating fuels.*

**WORK GROUP 3 - Transmission & Distribution**

**WG3.1. MAPP**

*The Work Group recommends that the State continue its support for the Mid-Atlantic Power Pathway Project (“MAPP”).*

**WG3.2. Integrated Resource Planning**

*The Work Group recommends that all electric distribution utilities in Delaware, unless already so doing, implement an integrated resource planning process (“IRP”) and that the IRP process is coordinated with PJM’s Regional Planning Process.*

**WG3.6A. Natural Gas Expansion**

*Recognizing the Integrated Resource Planning process, the State should determine whether it will support the construction of a new natural gas fueled electric generation in central and/or southern Delaware as a means of satisfying the state’s long-term energy and reliability needs.*

**WG3.6B. Natural Gas Expansion**

*If the conclusion in 3.6A is that natural gas fueled generation should play a role in meeting these future needs, then policy and/or legislative changes should be considered to facilitate expansion of the natural gas systems in the state for this purpose.*

**WG3.6C. Natural Gas Expansion**

*The State should consider policy and/or legislative changes to further facilitate the expansion of the natural gas transmission and distribution systems in Delaware for the purpose of increasing the availability of natural gas for its residents, industrial and commercial consumers, and other businesses, especially those located in areas of the state where natural gas is not available.*

**WORK GROUP 4 - Transportation**

**WG4. 1: VMT Reduction Goal**

*The State should adopt a goal that by 2030, the total vehicle miles travelled (VMT) in Delaware will not exceed the levels in 2009.*

**WG4. 2: Transit Investment**

*Raise fixed-route transit capital spending to 20% of total transportation spending in the region and create a dedicated funding stream for the system.*

**WG4. 3: Bus Rapid Transit Feasibility**

*Explore the feasibility of creating a phased bus rapid transit system (BRT) throughout the Mid-Atlantic Area (Delaware, Maryland, Pennsylvania, New Jersey).*

<p><b>WG4. 4: Employer Trip Reduction Programs</b>  <i>The Governor, through the Secretaries of Natural Resources &amp; Environmental Control and Transportation should convene a committee, including representatives of Delaware employers such as the State Chamber of Commerce, to develop standards and incentives for employer participation in commute alternatives programs.</i></p>
<p><b>WG4. 5A: Bus Transportation System Improvement</b>  <i>Where possible, DART and other bus service systems should combine services in overlapping areas.</i></p>
<p><b>WG4. 5B: Bus Transportation System Improvement</b>  <i>Add additional small bus/van routes to connect to longer distance, express oriented transit routes.</i></p>
<p><b>WG4. 6: Non-ADA Paratransit Service</b>  <i>The Governor, through the Secretaries of Transportation and Health and Social Services, should convene an ad hoc panel to evaluate and recommend options to improve energy-efficiency and cost-effective implementation of the State's policies regarding non-ADA paratransit service.</i></p>
<p><b>WG4. 7A: Bicycle and Pedestrian Transportation</b>  <i>Encourage bicycling and walking as alternative transportation.</i></p>
<p><b>WG4. 7B: Bicycle and Pedestrian Transportation</b>  <i>Implement a "Complete Streets" requirement statewide by statute or Executive Order.</i></p>
<p><b>WG4. 7C Bicycle and Pedestrian Transportation</b>  <i>Increase funding for pedestrian and bicycle transportation.</i></p>
<p><b>WG4. 8: Smart Growth</b>  <i>Strengthen Delaware's efforts to effectively direct growth into growth zones and require Smart Growth.</i></p>
<p><b>WG4. 8A: Transit-Oriented Development</b>  <i>The State should work with local governments to promote Transit Oriented Development (TOD) as an innovative strategy and design tool to create livable healthy communities that are integrated with public transit, linked to a network of walkable, bikeable streets.</i></p>
<p><b>WG4. 8B: Emissions Standards for Development</b>  <i>Establish an "Emissions Standard and Mitigation Policy" for development.</i></p>
<p><b>WG4. 9D: Alternative Fuel/Fuel Efficient Vehicles</b>  <i>As new alternative fuel vehicle technologies become commercialized, the State Energy Office should conduct studies of options for making the support infrastructure available and convenient to the public in an economically feasible and environmentally safe manner.</i></p>
<p><b>WG4. 10: Vehicle Registration Fees</b>  <i>Develop and implement a sliding scale for vehicle registration and renewal fees to encourage purchase of more fuel efficient vehicles. Ideally the scale would be based on energy consumption per mile and miles driven per year.</i></p>
<p><b>WG4. 11: HOV (High Occupancy Vehicle) Lanes</b>  <i>As new roadways or expansions are planned, HOV lanes should be evaluated and incorporated into those plans as appropriate.</i></p>

<p><b>WORK GROUP 5 – Clean Energy Business Community</b></p>
<p><b>WG5.1: Delaware should develop and implement a comprehensive Clean Energy Business Development Initiative.</b></p> <ul style="list-style-type: none"> <li>• Provide grants and other forms of assistance to strengthen and support clean energy businesses currently located in Delaware.</li> <li>• Develop opportunities and a suite of incentives to recruit clean energy business manufacturing operations to Delaware. In light of the recent success of bringing the wind industry to Delaware, initial focus should be on attracting a turbine or blade manufacturer and other ancillary businesses to locate in Delaware.</li> <li>• Provide seed money for clean energy business start-ups to drive new business development. New ideas will likely come from research at local academic centers, so university and state policies that encourage technology spin-off companies should be instituted.</li> <li>• Identify private/public demonstration projects of alternative energy and conservation concepts to position DE as a national model.</li> <li>• Strengthen and expand the Delaware Green Industries Program. The Green Industries Program, created in the mid-1990's, was designed to encourage use of recycled products and source reduction. The program provides financial incentives, in the form of tax credits and tax reductions, and technical assistance. The program has been</li> </ul>

underutilized. A review of the financial incentives should be conducted to improve the effectiveness of the program. In addition, the program should be reviewed for potential expansion to include clean energy businesses and businesses incorporating clean energy technologies.

**WG5.2: Support clean energy research at Delaware's universities.**

This includes helping the universities to obtain Federal funding for clean energy related research projects through provision of matching funds or supporting projects with the federal delegation.

**WG5.3: Implement a comprehensive energy workforce training strategy.**

The strategy should include a workforce continuum, from programs in the vocational/technical schools to DTCC to the University of Delaware and Delaware State University.

**WG5.5: Wind - Business Development**

The Delaware Economic Development Office should be funded and tasked with the development of a favorable climate in Delaware for new primary wind industry and ancillary support businesses for the wind industry.

**WG5.6: Wind - Transmission**

The State should facilitate the construction of adequate transmission capacity to accommodate the development of 2,000 MW of wind generation during years 1 – 10, and an additional 4,000 MW of wind generation during years 11-20.

**WG5.7: Wind - Center of Excellence in Offshore Wind**

The State should work with its Federal Delegation to support graduate training and a Center of Excellence in offshore wind at UD's Center for Carbon-free Power Integration.

**WG5.12: Vehicle to Grid - Establish the infrastructure, incentives and rules to facilitate V2G development and implementation.**

Specific approaches could include, but are not limited to:

**WG5.12A: Vehicle to Grid - Provide incentives for businesses to facilitate startup of refit vehicles with V2G.**

This may involve financial incentives, training support, and/or other forms of market priming.

**WG5.12B: Vehicle to Grid - Subsidize initial hand-assembled electric vehicles with V2G to get 100s of vehicles out and running V2G.**

Three possible mechanisms:

- A state "freedom from oil" gasoline tax adder of 2¢/gallon would raise approximately \$6.4 million. This could provide an initial subsidy of \$30,000/vehicle to about 200 vehicles/year, which would bring early customer vehicle costs down to an expensive but affordable \$35,000. 200 vehicles/year would make a viable fleet for V2G power in just a couple of years. As vehicle costs come down, the per-vehicle subsidy would decline and # of vehicles/year would increase. (LEGISLATION)
- Use of RGGI or other funds also as a per-vehicle subsidy, similar to above.
- Provide state income tax credits for purchase of plug in hybrids capable of V2G at 10kW or more.

**WG5.12C: Vehicle to Grid - The PSC and Energy Office should review existing rules and legislation statewide to identify needed changes to enable V2G service provision. (LEGISLATION)**

**WG5.12D: Vehicle to Grid - Public Service Commission should allow DP&L infrastructure costs (for "docking stations" at work/employment centers) to be recoverable in rate base and should investigate and evaluate the benefits and costs of purchase by electric utilities of V2G-capable fleet vehicles.**

**WG5.12E: Vehicle to Grid - Provide prime parking places with plugs at major stopover points in Delaware.**

This should be pursued through public/private partnerships at locations where people would stop for at least ½ to one hour.

**WG5.13: Hydrogen/Fuel Cells - In order to turn the dream of "the silicon valley of fuel cells" into reality, the state government, local industry and the Delaware universities will have to have a coordinated, strong approach to fuel cells.**

Specific aspects of the approach should include:

**WG5.13A: Hydrogen/Fuel Cells - Invest in a high visibility, high impact project.**

Proposed project: Create a public/private partnership to fund a fast fill hydrogen station at the I-95 rest area.

**WG5.13C: Hydrogen/Fuel Cells - Institute fuel cell automotive and stationary fuel cell tax credits that mirror (or lead) federal tax credits for investments in automotive or stationary fuel cell systems in the state.**

**WG5.14: Biofuels - Expanded Research**

Work in close alignment with Delaware-based companies and universities to encourage expanded research and business leadership in the State, including the attraction of partners.

**WG5.15: Biofuels - Demonstration Projects (LEGISLATION)**

When improved additives beyond ethanol are commercialized, consider State legislation to support its demonstration and adoption.

**WG5.16: Biofuels - Incorporation into Refinery Operations**

If appropriate, assist Valero and DuPont to partner for use of improved additives in the Delaware refinery.

**WG5.17: Energy Storage - Overall, to achieve this potential, Delaware should establish a governmental support effort in funded R&D, incentives for suppliers to locate in Delaware and efforts to raise awareness of energy storage.**

This would include:

**WG5.17A. Energy Storage - Encouragement and possible match of federal grant research funding for both academic and private sector efforts.**

**WG5.17B. Energy Storage - New Business Development**

New companies in energy storage, particularly energy storage materials suppliers, should be incentivized by DEDO to locate near Delaware's material and component research base. Partnership demonstration projects discussed elsewhere such as vehicle to grid, wind and solar would also help.

**WG5.18: Clean Coal - Reduce regulatory uncertainty**

**WG5.19: Clean Coal - Expanded Research**

**WG5.20: Recycling - Enact legislation supporting recycling initiatives in Delaware. (LEGISLATION)**

- A mandate that all state agencies recycle.
- Creation of a statewide recycling plan requiring that all households have the option to recycle with no penalty charge for doing so.
- Revision and clarification of the role of the Delaware Solid Waste Authority in recycling activities, ideally including, the phasing out of their recycling responsibilities.
- Creation of a larger grant fund or expansion of the existing \$50,000 municipalities recycling grant fund to at least \$250,000.
- Measures necessary to support the creation of the MRF appropriate to the path chosen – Public or Private.

**WG5.21: Recycling - Create a Materials Recovery Facility in New Castle County – either public or regulated private.**

**WG5.22: Recycling - Task Force**

Once a MRF is operational in Delaware, create a task force to review Delaware's waste streams: residential, commercial, and industrial; and Delaware industries which currently use or could use elements of this waste stream, and target specific industry growth and economic development opportunities.