

2/16/2010

Chris Coons Remarks for Senate Subcommittee Hearing 2/19/10

“Blue, Gold, and Green: How Delaware State and Local Governments are Cutting Their Energy Costs”

Senate Homeland Security and Government Affairs, Subcommittee on Federal Financial Management, Government Information, Federal Services and International Security

Thank you for inviting me to offer testimony to this subcommittee hearing on state and local efforts to improve energy efficiency. The conservation of energy and our natural resources is an important issue for New Castle County. As a County Executive to 530,000 residents I must produce a balance a budget, provide needed services, and wisely manage and invest taxpayer funds. In tough economic times, people across the country are tightening their belts and making their dollars go further, and my government is called on to do the same. Conserving energy through the retrofit of buildings and using renewable sources is not only environmentally responsible- it is fiscally responsible, and makes perfect economic sense. As a society, we all must be good stewards of our natural resources. As a public servant, I believe energy efficiency also makes us good stewards of federal dollars, creates jobs and makes the world a better place for our children.

New Castle County is committed to creating a carbon neutral community by fostering economic development, creating green job opportunities, and enhancing environmental protections. The county was an early adopter of local government sustainability practices, starting with waste reduction, increased recycling, and empowering staff to take leadership on environmental initiatives.

In 2007, New Castle County became the first government in Delaware to join the International Council for Local Environmental Initiatives (ICLEI), making the commitment to conduct a comprehensive inventory of greenhouse gas emissions and working towards a holistic strategy for reducing emissions. The first prong of this strategy is to tackle one the County's biggest energy hogs: county-owned buildings.

As a pilot, New Castle County successfully evaluated, benchmarked, and implemented energy efficiency improvements in the City/County Building, a 10-story, 192,902-square-foot office building. The energy conservation measures (ECMs) implemented under a 15-year agreement with Ameresco, an energy service company, included lighting upgrades and controls; new energy management system; boiler, chiller, and cooling tower replacement; variable volume hot and chilled water pumping, premium efficiency motors, water and natural gas conservation, and EnergyStar Certification. Our annual savings of \$355,376 is equivalent to reducing emissions of over 1,150 tons of CO2 per year, and reducing energy demand by 1,889 kilowatts annually.

In July 2007, New Castle County completed construction on the Paul J. Sweeney Public Safety Building. This facility received a silver rating by the U.S. Green Building Council under its Leadership in Energy and Environmental Design (LEED) Green Building Rating System™. The facility contains many features to help maximize efficiency. Heating and cooling assistance is provided by a geothermal pump system, consisting of 30 pumps beneath the parking lot, which circulates an alcohol-based liquid through pipes that reach a depth of nearly 400 feet. In addition, the building makes use of electrical sensors for turning off lights in unoccupied rooms, skylights that maximize natural light within the building, and an energy-efficient heating, air conditioning and ventilation systems.

Due to the vital services that are housed within the public safety building, it is not uncommon for a building such as this to be a large consumer of energy. But through the use of green technology, we are reducing our environmental impact and saving money.

After these initial successes, the County decided to leverage stimulus funds to implement efficiency and renewable energy projects across all county owned facilities. We had an audit performed to assess the current energy performance of our facilities and establish a baseline for setting and measuring progress over time. The purpose of the audit was to identify opportunities to renew facility infrastructure and reduce energy demand and costs. From the audit, 158 conservation measures and two solar installations were identified. This project will impact over 20 facilities and 461,643 sq. ft. of building space.

New Castle County is again working with Ameresco to implement the identified energy efficiency and renewable energy upgrades to the County's facilities. This endeavor is allowing the County to undertake a more comprehensive project that will create jobs and greater economic opportunity in the region. In particular, this project depends on subcontractors, specified trades, and local materials. Ameresco is committed to working with the County and DelAccess, an organization committed to ensuring local participation of small, minority, and women-owned business. A project of this magnitude has the potential to create more than 156 local, green jobs.

This project is "shovel ready." Ameresco, New Castle County, and other partners are moving forward with implementation. The project is expected to be completed within 18 to 24 months. As a reference point, the project at the City/County building took exactly 12 months to complete. New Castle County intends to leverage the \$3.8 million in stimulus funds into a \$7.8 million project by either financing \$4.1 through a county bond or one of two forms of 0% interest renewable energy tax credit bond programs offered by the U.S. Department of the Treasury.

In addition to the two solar projects totaling over 120 kilowatts, Ameresco will be implementing upgrades across the county, including light retrofits and controls; energy management systems; premium efficiency motors; heat pumps, boilers, and cooling towers; ventilation and HVAC improvements; and many other innovative ECMs such as green roofs. In total, the ECMS and renewable energy installations promise to reduce emissions by 11,823,706 pounds of CO₂ per year. This is equivalent to reducing the emissions from 1,031 polluting cars and enough power to heat 244 homes in Delaware. Ameresco will work with New Castle County to educate the community about the benefits of the renewable energy and energy efficiency projects. The County hopes to serve as an example to its citizens, and to inspire them to reduce energy demand and costs in their own homes and businesses.

This project will provide over \$450,000 in savings annually, pay for itself in less than 20 years, and provide upgrades for many buildings and pieces of equipment that badly needed repair or replacement. These upgrades also provide intangible health benefits for workers by improving indoor air flow, natural lighting, and decreasing volatile organic compounds (VOCs).

New Castle County strongly supports the Obama Administration's energy efficiency initiatives. We also recognize the daunting task of rapidly ramping up a nationwide energy efficiency grant program while also maintaining quality controls on the use of funds. In some cases, these objectives can run counter to each other and have led to delays in the distribution of funds to state and local governments.

With respect to project implementation delays, it appears that the U.S. Department Of Energy did not have sufficient personnel/contractor support in order to expedite review of EECBG applications. By way of example, New Castle County's EECBG application was filed in July 2009, but we did not receive approval until December 2009. During the course of the six-month DOE review, our application was handed off to three DOE personnel and a contractor. Each time the file was handed off, we received different instructions for amending our application, or were asked to provide new information that had not been required as part of the original application.

A second concern that both New Castle County and other local area jurisdictions have experienced is the burdensome administrative reporting requirements. This is of particular concern to small municipalities that received EECBG pass-through grants of sums less than \$100K. While we recognize the value of maintaining a consistent approach in the administration of funding, the burden placed on our cities to report on a myriad of terms and conditions creates a significant impediment to their participation. We would suggest that the DOE consider other approaches to managing small grant recipient projects that reduces reporting requirements and either delegates federal reviews to state governments, or allows local governments to self-certify compliance with reporting metrics such as NEPA, waste stream disposal, SHPO, and the like.

One area DOE should have emphasized early in the educational process to towns and cities receiving stimulus grants is how to leverage that money, as we did in New Castle County. Many of the grants to municipalities were not large enough for those jurisdictions to take on major energy projects, but grants of a few thousand dollars were enough to have an impact if city leaders knew how to make use of energy service programs. These programs, such as the one we entered into with Ameresco to retrofit the city/county building, are unique in that they do not cost governments money up front. Companies such as Ameresco conduct an energy audit to determine what upgrades or renovations would produce the greatest energy savings, then they implement those changes. Governments pay for the work by allowing the companies to capture the difference in the lower energy costs. In New Castle County, we held a forum with Ameresco and invited our municipalities to participate so city managers and town leaders could learn about this option. From that experience, we realized that many smaller jurisdictions had no idea how to go forward using their federal grants to maximize energy efficiency and cost savings.

Despite the impediments, we believe in the value and importance of the federal program. I want to thank you for providing me this opportunity to share information on New Castle County's energy conservation programs. Our county is a good case study for other state and local governments to evaluate as they consider energy efficiency programs. Because we own many large properties and can achieve economies of scale that result in real savings, we are well-suited for many of these projects, including solar and geothermal. I am optimistic that more progress can be made, and our energy consumption will continue to decrease.

One area of energy efficiency that I see significant growth potential for is the use of plug-in hybrid cars. These vehicles are a perfect fit for local government, police, and schools – agencies that typically have large fleets. Governments also have the capacity to build the needed infrastructure to charge cars that will be driven for short trips. We hope to take advantage of this technology with the transformation of the former General Motors plant in Newport, Del., which will be outfitted by the Fisker Corporation to produce its Nina hybrid sedan. The plant is expected to be operational in 2011 and produce as many as 100,000 electric hybrids annually.

Local governments also can encourage or mandate energy efficiency through adoption of building codes that favor conservation. New Castle County has adopted the 2006 International Energy Conservation Code (IECC) standards for building energy code. Local jurisdictions interested in pursuing this course of action can rely upon the U.S. Department of Energy to provide practical information on required code changes. The Department's Building Energy Codes Program is an information resource on national model energy codes. DOE works with other government agencies, state and local jurisdictions, national code organizations, and industry to promote stronger building energy codes and help states adopt, implement, and enforce those codes.

It is clear to me that green practices such as green buildings, fleet efficiency and taking inventory of greenhouse gas emissions are essential in light of the pressing

environmental problems we face today. We are proud of the example we are setting, for protecting the environment, and for reducing our energy and fuel costs. And whether you believe in the dangers of climate change or not, there should be no debate on need to focus on how we can we become more energy independent and, at the same time, conserve resources and money. And most importantly, by promoting energy conservation and renewable energy, we foster green industries that are locally-based, and avoid sending money overseas to pay for our energy.

Thank you.