

Delaware CEDS

*a Comprehensive Economic Development Strategy
for the State of Delaware*



Delaware CEDS – a program of the Delaware Economic Development Office
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ENERGY Facts

I. Relationship of Energy and Energy Use to Economic Development

General Importance of Energy to Economic Development

- Reliability—dependable sources and services
- Affordability—reasonable costs of services
- Sustainability—reliable, long-term sources and services; low negative impact on environment
- Efficiency—maximized use of resources and costs compared to benefits gained

Major Energy-Related Factors that Affect Economic Development

- Increasing demand for services resulting from statewide population growth puts pressure on infrastructure and environment.
- Deregulation is coming to fruition May 2006; delivery costs are likely to rise as a result of electric policies and regulatory issues.
- Environmental prosperity is at risk by increasing demand for services, potentially jeopardizing air and land.

Significant Energy-Related Considerations Impacting Economic Development

- Current use and consumption profiles (sources and services)
- Projected use and consumption profiles (sources and services)
- Available and efficient options and incentives for alternative sources

Energy Policies Impacting Economic Development

- Federal legislation (Energy Bill signed by President Bush on August 8, 2005)
- Executive-appointed Energy Task Force (through Governor Ruth Ann Minner's Executive Order 31, 2002)
- Prioritized strategies for sustainability and diversity (Delaware Energy Task Force Report)
- Incentive programs for sustainable energy options (e.g., Green Energy Program)
- Statewide planning and environmental initiatives (e.g., Livable Delaware)
- State legislation (e.g., SB 74 Renewable Energy Portfolio Standards)

Impact of these Policies on Economic-Development Considerations

- Quality of life for citizens and Delaware communities
- Potential for existing businesses and services to survive and/or expand
- Ability to attract new businesses and services to state

II. Existing Conditions and Trends

Consumption of Energy Compared Nationally

- Total energy consumption: 0.3 quadrillion Btu (2001), Delaware ranked 46th
- Per capita energy consumption: 368 million Btu (2001), Delaware ranked 21st

Consumption of Energy Within State (i.e., who uses and how much)

- Industrial 39%
- Transportation 25%
- Residential 20%

- Commercial 16% (fastest growing energy sector)

Energy Sources (i.e., where our energy comes from)

- Petroleum 50%-required to use reformulated gasoline throughout entire state
- Natural Gas 21%-accounts for the largest share of home-heating market
- Imported Electricity 15%
- Coal 13%
- Other 1%

Consumption Projections (by year 2010)

- 18.5% growth in electricity consumption
- 18% increase in peak electricity demand
- 8.8% growth in natural gas consumption
- 6.1% increase in total fuel-oil consumption for residential, commercial, and industrial use
- 23% increase in gasoline and other motor fuel consumption

Identified Options for Alternative Energy Sources

- Renewable resources: solar, wind, biomass, small hydropower, and fuel cells
- Natural gas: potential for additional availability, feasibility of additional pipelines
- Transportation fuels: bio-diesel, ethanol

III. Strategies, Incentives, Initiatives

Delaware Energy Task Force

- Addresses four major goals relative to expanding diversity of sources and promoting market for clean air technologies.
- Provides prioritized strategies and recommendations for reaching goals and lists actions in progress relative to the strategies, recommendations, and working-group objectives.
- Strategies and recommendations most relevant to statewide and county-specific economic development:
 - Kent: Promote alternative transportation fuels (e.g., bio-diesel, ethanol to help promote agricultural sector).
 - Kent & Sussex: Small businesses need reliable, efficient sources.
 - Statewide: Encourage advanced energy technology development (e.g., recruit advanced-technology companies to help attract high-paying jobs).
- Developed Economic Development Working Group, which has developed these objectives:
 - Expand market renewable energy technologies in Delaware (e.g., promote alternative transportation fuels such as bio-diesel and ethanol).
 - Increase the number of producers and developers of clean technologies located in Delaware.

Incentive Programs

- Green Energy Program—provided by state to electric customers of Delmarva Power who are engaged in energy-efficient programs / projects
- Delaware Municipal Electric Utility Survey—an overview of each utility including description of service, interconnection and net metering policies, and existing energy efficiency or renewable energy programs

Relative Statewide Initiatives

- Livable Delaware—addresses important environmental and planning issues affecting the state's future; basis for Energy Task Force goals, strategies, recommendations
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- Renewable Energy Standards Portfolio Standards (SB 74 bill passed June 30, 2005)—establishes standards for electricity suppliers in the state so that suppliers, consumers, and the public might realize the benefits of electricity produced from renewable energy resources; requires suppliers to supply a percentage of their total annual electricity sales in the state from renewable energy resources

IV. Identified Economic-Development Opportunities and Constraints

Opportunities

- Research, Education, and Training-Renewable energy and technology research as well as incentive programs allow for educational and training opportunities within public schools while providing applied research on the effects of such programs.
 - Green Plains Energy
 - Sussex Central Middle School project
 - Part of *Environmental Incentive Fund*
- Creation of new or enhancement of existing economic industries-Research and development of alternative fuel sources has the potential to create new or enhance existing economic industries (e.g., bio-diesel, ethanol in agricultural sector).
- Policy-making and legislation-Continued research and legislation help formulate long-term, concrete public policies on renewable energy.

Constraints

- Costs of renewable energy/ability to entice large, technologically advanced businesses to locate in Delaware
 - Ability for small businesses to take advantage of benefits of locating in Delaware
 - Initial implications for large and industrial customers (e.g., rate fluctuations resulting from deregulation initiatives)
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