

**Clean Energy Finance and Investment Authority and
Connecticut Energy Efficient Fund
Joint Advisory Committee Meeting
DRAFT Minutes – Special
Monday, June 18, 2012**

A special meeting of the **Clean Energy Finance and Investment Authority (“CEFIA”)** and the **Connecticut Energy Efficiency Fund (“CEEF”)** (the “Joint Advisory Committee”) was held on June 18, 2012, at the office of the CEFIA, 865 Brook Street, Rocky Hill, CT.

1. **Attendance:** Ron Araujo (CL&P), Katie Dykes (DEEP), Bryan Garcia (CEFIA Board), Norma Glover (CEFIA Board), Jamie Howland (CEEF Board), Dave Ljungquist (CEFIA), Richard Steeves (CEEF Board), Pat McDonnell (CEEF Board), Rich Rodrigue (DEEP), and Bob Wall (CEFIA).

Others: Mackey Dykes (CEFIA), David Goldberg (CEFIA), Bert Hunter (CEFIA), and Cal Vinal, Connecticut Housing Investment Fund.

Each of the members introduced themselves and spoke about their background.

2. **Meeting Schedule:**

The Joint Advisory Committee members discussed how often, when and where to meet. After discussing several suggestions, there was general consensus to meet quarterly, the first Wednesday of the month at 2:00 p.m. with the next meeting being scheduled in September, possibly at PURA in New Britain.

- Wednesday, September 5, 2012
- Wednesday, December 5, 2012

A suggestion was made to form subcommittees. However, there was some hesitation about creating subcommittees because of the number of meetings everyone is already attending.

Mr. Garcia introduced Mackey Dykes, CEFIA Chief of Staff, and Bert Hunter, CEFIA Executive Vice President and Chief Investment Officer.

3. **Organizational Updates:**

Mr. Garcia provided an update on CEFIA. He explained that Public Act 11-80 changed the dynamics of the organization, and CEFIA will be moving towards a new direction to achieve the objectives of Public Act 11-80 and the state’s energy goals through finance and investments.

Mr. Garcia mentioned that the CEFIA Board went from 15 members down to 11 members, of which 3 are ex-officio members—The Commissioner of the Department of Economic and Community Development (appointed Chair by the Governor), the Commissioner of the Department of Energy and Environmental Protection (“DEEP”); and a representative from the Treasurer’s office. He mentioned that five members of the CEFIA Board are also members of the CI Board.

Mr. Garcia explained how the Solar Lease Program developed by Mr. Hedman in 2008 for the Connecticut Clean Energy Fund became a model program for other states. Mr. Garcia stated that CEFIA will be building on that model to attract private capital. He noted that being a quasi-public agency will allow CEFIA to be more innovative. Mr. Garcia reviewed CEFIA’s mission “to support the Governor’s and legislature’s strategies to achieve cleaner, cheaper, and more reliable sources of energy through clean energy finance.” He stated that CEFIA’s mission also includes the creation of jobs and stimulating economic development in Connecticut. Mr. Garcia reviewed three significant goals for CEFIA which include: 1) attracting and deploying capital to finance the clean energy goals in Connecticut; 2) developing and implementing strategies that bring down the costs of energy to make clean energy more affordable and accessible to consumers; and 3) transitioning from grant and subsidy programs to a model that attracts lower cost financing to support clean energy deployment.

In response to a question, Mr. Garcia noted that CEFIA has outstanding grant commitments with Project 150, and that CEFIA will be working with PURA to try to develop a plan to release the Project 150 grant commitments for several projects to free up restricted liabilities on CEFIA’s balance sheet. Mr. Garcia indicated that CEFIA does have assets to finance programs such as credit enhancements and subordinated debt through repurposed ARRA-SEP funds as well as ratepayer contributions through the system benefit charge and RGGI allowance revenue.

Mr. Garcia spoke about CEFIA’s Residential Solar Investment Program. He noted that the law requires a declining incentive structure. Mr. Garcia stated that the first several steps were announced, but the full schedule for the 30 megawatt target was not provided because of the constant changes in the solar market. He mentioned that changes to the steps are announced approximately three months in advance so the installer community has sufficient notice of impending changes. Mr. Garcia mentioned that the average sizes of the systems and costs have decreased between steps 1 and 2 by nearly 10 percent. He noted that the focus of the program at this point is to continue to decrease incentives, build demand and attract private capital. Mr. Garcia stated that incentives are available in different ways: 1) performance-based incentives (i.e. third party financing) or 2) expected performance-based buy downs (i.e. upfront rebates).

CEEF members were asked how the special legislation has impacted CEEF. Mr. Howland stated that Public Act 11-80 had a more significant impact on CEEF. He explained that Public Act 11-80 sets forth a clearer focus and direction for CEEF to invest in energy efficiency. It was noted that the special legislation removed the restriction for oil-heated residential households for one year.

The Joint Advisory Committee members talked about some of the broader goals of Public Act 11-80, in particular, weatherization. Mr. Howland stated that the intention is to maximize weatherization and go beyond the goal of 80 percent by 2030. He noted the need to first define “weatherization.” Mr. Howland indicated that the Home Energy Solutions Program may be used to help target customers.

The Joint Committee members talked about the goal of having 15 percent of single-family homes becoming more energy efficient by 2020 which equates to approximately 18,750 homes per year or approximately \$200,000,000 of investments to make those energy efficiencies over the next 8 years. One of the issues that needs to be determined is who will be providing the funding, and the challenge is how to effectively utilize funding available to attract capital to make the investments in energy efficiency.

Mr. Garcia explained how CEFIA is transitioning its early-stage technology innovation programs so that it can focus on the statutorily mandated programs under public act 11-80 and a financing model to support the deployment of commercially available technology. Mr. Hunter stated that CEFIA will have to determine the role it can play in supporting and encouraging capital in the market. He discussed the two approaches to try to attract private capital—1) the direct approach and 2) indirect approach. Mr. Hunter explained each of the approaches and spoke about the success of the “Michigan Saves model” which involves going out and communicating with individual credit unions and community banks. He also talked about the indirect approach which involves aggregating loans together to a pool that larger banks fund into.

A discussion ensued on Commercial Property Assessed Clean Energy (“PACE”) program. Commercial PACE was approved in special legislative session and will be critical to helping the state achieve its energy efficiency goals. It was noted that CEFIA is developing strategies for the role it will play in the development of Commercial PACE programs, and has established working groups with municipalities, financial institutions, and businesses to begin to plan out the next steps for the policy’s implementation. The Joint Advisory Committee members noted the need to model the program after other successful Commercial PACE programs. A discussion ensued on some of the issues with securing interest in energy efficiency projects. One of the next steps in the process is to form a committee to talk about standardizing how towns and municipalities can opt into a program, how to target customers, and how to attract private capital.

Mr. Ljungquist opened a discussion about the agencies collaborating. He noted that some applicants think of energy efficiency improvements as an impediment rather than a benefit because of the process. Not having sufficient knowledge and information about energy audits was noted as being a particular concern with the solar industry. The Joint Advisory Committee members noted the need to work together to make the process better for the residential solar and energy efficiency industries/communities, which should begin with education about the programs. A suggestion was made for CEFIA to consider requiring a Home Energy Solutions Audit before an application to the residential solar PV program can be made. Another suggestion was made to establish

a standardized energy efficiency level and require a certain level in order to qualify for incentives.

The Joint Committee members talked about the importance of reducing the cost of capital. It was noted that CEIFA has had discussions with a consortium of Connecticut independent colleges and universities and energy service companies about a pilot program to provide funding for capital outlays for energy efficiency for colleges. That pilot program can potentially be used to eventually roll out a larger group of colleges and attract more investors and more leveraging of private capital into the non-profit institutional marketplace (i.e. municipalities, universities, schools, and hospitals).

A suggestion was made for the Joint Advisory Committee to make the state's clean energy programs work more efficiently and effectively and ensure that goals are being accomplished.

Katie Dykes encouraged members of the Joint Advisory Committee to share information about the respective agencies in between meetings. She noted the importance of determining how programs will work together and to support each other through the collaboration of marketing efforts, eco-distribution of funds, etc. Katie Dykes spoke about the opportunity for the agencies to utilize an integrated design approach and pooling of resources to attract additional private capital and/or better rates.

Some concern was expressed with regulatory barriers that could impede some of the progress. Concern was also expressed about potential problems collaborating if the different agencies handle things differently.

4. **Adjournment**: The meeting was adjourned at 2:25 p.m.