



**Joint Committee of the CT Energy Efficiency Board and the
Connecticut Green Bank Board of Directors
10 Franklin Square, New Britain, CT**

**Wednesday, July 22, 2015
1:30-3:30 p.m.**

MINUTES¹

In Attendance

Voting Members: John Harrity, Amanda Fargo-Johnson (by phone), Diane Duva (DEEP Designee), and Eric Brown

Non-Voting Members: Bryan Garcia, Bert Hunter, Donna Wells (on behalf of Pat McDonnell), and Matt Gibbs

Others: Kerry O'Neill (by phone), Mackey Dykes (by phone), Chris Kramer (by phone), Steve Bruno, Andy Brydges, Ronald Araujo, Brian Farnen (by phone), Jeff Walsh (by phone), and Genevieve Sherman (by phone)

1. Call to Order

Eric Brown called the meeting to order at 1:32 p.m.

2. Public Comments

There were no public comments.

3. Review and approval of Meeting Minutes for April 22, 2015 meeting

Eric Brown stated that Bill Dornbos and Tracy Babbidge needed to be added as attendees. He also stated that there is a typo under Governance under the bylaws. He stated that it should read, it would be best practiced for the Joint Committee to abide by Roberts Rules. Eric Brown stated that the spelling on Ms. Babbidge's name needs to be corrected. He also stated that since there are so many committees they need to make clarification on what ones are committees and what ones are working groups.

Upon a motion made by John Harrity, seconded by Amanda Johnson the Committee voted unanimously in favor to approve the changes.

4. Organizational Strategic Planning Updates

¹ Materials for this meeting can be accessed at Box.net:

a. Connecticut Green Bank – Targets and Budget for FY 2016 Comprehensive Plan

Bryan Garcia provided an update on the targets and budget. He stated that on June 20th the fiscal year targets and budget by the Board of Directors of the Connecticut Green Bank had been approved. He provided an overview of the 2016 targets. He stated that there are four sectors that they are focusing on as an organization. He explained that the capital deployment target is \$670 million with the majority of those funds coming through the statutory and infrastructure projects with over 100 MW of deployment. He stated that they have set aside funding for future market studies, including renewable thermal technologies, storage, alternative fuel vehicles and infrastructure. He explained that 40% of greenhouse gases are from transportation and that they are looking into renewable thermos technology. He stated that they can support alternative fuel vehicles as being consistent with the state definition. He stated that they will spend a year looking at supporting that sector. He stated that they will be looking at energy storage and batteries.

Bryan Garcia stated that the Connecticut Clean Energy Fund, Department of Economic and Community Development, and Connecticut Energy Efficiency Fund had done a jobs baseline study back in 2008-2009 and that the Green Bank has set aside funding to update that study. He welcomed the ECMB and utility support for contributing to the study and suggested that he would follow-up on this.

Mackey Dykes provided clarification on the capital deployed metric. He stated that it includes Connecticut Green Bank dollars as well as the private dollars. Diane Duva questioned how they categorized the government buildings. Bryan Garcia stated that they are in the institutional sector. Andy Brydges stated that most of them are LBE projects with a small amount of municipal.

Kerry O'Neill provided an update on residential. She stated that there are about 2,100 projects and \$57 million capital deployed. She stated that they expect about 1,000 projects and \$16 million in Smart-E. She stated that they are working with EEB and the utilities on aligning the product offering. She stated that they are expecting to see a volume slowdown in solar in anticipation of the end of the tax credit at the end of 2016. She stated that CT Solar Lease has ended and that they are no longer accepting applications.

Kerry O'Neill stated that PosiGen is a big part of low income leases. She stated that there are about 100 loans in anticipation of a new loan product coming sometime in the next calendar year. She stated that the predevelopment loan fund for multifamily will lead to permanent financing. She stated that there are 43 projects and about \$11 million in permanent financing. She stated that the interest rate buy down for Smart-E is about \$1.7 million for the fiscal year – over \$1.5 million of which is repurposed ARRA-SEP funds and the rest of which is ratepayer funds through the Connecticut Green Bank.

Matt Gibbs questioned what the products were that were out to support without a buy down. He questioned whether there were other sources of revenue. Diane Duva stated that if they wanted to increase the funding they would need to reallocate funds. Bryan

Garcia stated that they will work through the committees for recommendations. He stated that they are already operating under budget constraints, but that they would be open to the group's recommendations. He stated that the Board would look at it noting that subsidies aren't what the Connecticut Green Bank focuses on for its use of funds. Diane Duva stated that mill rate funding is used in other sectors. Matt Gibbs stated that it assumes there is funding through January, and wanted to know if it would go through the rest of the year at the market rate. Ronald Araujo stated that they should still have a lot of projects due to having a market rate out there.

Ronald Araujo questioned if the multifamily line included C-PACE funding. Kerry O'Neill stated that it does and solar leases as well.

Mackey Dykes stated that with a funding facility that will be in place shortly with a private capital provider, the Green Bank will sell off nearly \$50 million in loans and fund the majority of new loans going forward. As a result, the Green Bank's portion of funding for C-PACE will be drastically reduced.

b. Connecticut Energy Efficiency Fund – Draft 2016-2018 C&LM Plan

Matt Gibbs explained that the plan is to file the next three year plan on 10/01. He stated that companies are committed to energy efficiency and that they want to maintain and continue the momentum. He stated that they have made a commitment to continuous improvement and creating a customer centered experience. He stated that there are changes in codes and standards and that there is continued pressure to achieve savings.

Steve Bruno stated that they are on track for the 10/01 submission and that the preliminary budget numbers have already been sent out. He stated that there is \$190 million for electric and \$48 million in gas budget. He stated that they had a conference call on 07/01 and that they had received the initial comments. He stated that they will get another version out next week.

5. Member discussion (comments/questions) of Draft Coordination documents for the following areas:

Eric Brown stated that at the last meeting the committee had requested that the groups working on specific areas put together a coordination of goals sheet. He thanked the work groups for their diligence on this effort.

a. SBEA

Steve Bruno provided an update on SBEA. He stated that they were using utility capital for a large portion of the loans. He stated that they need to find cheaper sources of capital. He stated that the way it works now is that you have to be a contractor in that small business sector. He stated that they are trying to address the people that don't go through that channel. He stated that they need to work on coordinating goals and objectives to find ways that C-PACE and SBEA can work together. He stated that they are working on ways to measure product progress. He stated that they will see the savings if they find lower sources of capital. He stated that they will share the results of

the program tracking across the group. He stated that they are still working on ensuring comprehensive services. He stated that on the residential financing they are thinking about an item to mirror the residential process. John Harranty questioned how small businesses find out about the program. Steve Bruno stated that it's through the small business program. He stated that the small business program is probably the most successful program. Eric Brown questioned if there was something in the measurements that would help to measure it. Steve Bruno stated that would be customer satisfaction, and that they already do customer satisfaction, cycle time and how quickly the project is completed.

b. Single Family

Steve Bruno provided an update on single family. He stated that he feels that they've made good headway. He stated that they're striving to narrow the gaps and opportunities. He stated that the overall objective is to achieve deeper and more savings. He explained that residential rebates are in the 10 – 11% range. He stated that they're attempting to promote and attract new and additional customers. He stated that they need to identify a strategy for comprehensive loans. He also stated that they need to explore options for alternative underwriting. He stated that they need to make sure lower income people get to the market as well. He stated that there is a need for a product in health and safety. He stated that the coordinated goals are increasing financing to get more energy savings and deeper measures. He stated that they need to increase the adoption of the Smart-E bundle. He stated that they are working on increasing the number and effectiveness of the projects and increasing the number of financed projects. He stated that they have developed models to look at those forecasts, but that they are fine tuning the forecast models. He stated that they are working on ways to measure the progress and they continue to develop metrics for tracking the progress.

c. LBE

Diane Duva provided an update on LBE. She stated that they need to clarify the importance and role of the Green Bank in this sector. She stated that there is a lack of funding source for this sector. She stated that they need to develop a master agreement aggregating some of the smaller municipalities. Andy Brydges stated that there is the issue of technical support and that they need to clarify what's available to support the municipalities. He stated that more knowledge is needed and that standardizing the process of getting data is needed.

Diane Duva stated they need to coordinate support for Green Bonds issuance and a standard process. Bryan Garcia stated that the Green Bond source of funds is very clear. He stated that they are developing a bond indenture and then looking at \$50 - \$100 million in bond issuances. He stated that the question is, how they will generate enough projects into that pipeline to make the bonding process worthwhile. Bert Hunter stated that the challenge is also that the language had been worked out between the Green Bank, DEEP and the OTT on "deemed appropriated," but then they did not get that language during legislative session. He stated that now the SCRF may be required. He stated that

the Green Bank doesn't know how its Board will feel about allocating certain reserves against the SCRF. He stated that it gets to the sustainability issue, since potentially there would be several hundred million dollars in state projects to be funded. He stated that Green Bank staff did develop and RFP to bounce ideas off of the capital market. He stated that they hope to get those ideas back by the end of the summer. He stated that the plan is to take in all the ideas and move forward with the initiatives based on that feedback. Diane Duva stated that they will know by September if Green Bonds will be able to be used as long term financing.

d. Multifamily

Ronald Araujo provided an update on multifamily. He stated that the opportunities that were looked at were how to serve multifamily properties and make sure that they're delivering to the tenants. He stated that they are also trying to find something that will make sure that they can get some deeper measures. He stated that the other gap was financing for capabilities for health and safety impediments. He stated that there needs to be better coordination from the energy efficiency perspective. He stated that they are trying to work together to coordinate those activities. John Harrity questioned what the health and safety impediments were. Ronald Araujo stated that mold and asbestos are the two key issues for health and safety. He stated that they need to include expanding into tenant spaces and some of the longer payback measures. He stated that they need to establish and align financing. He stated that they need to look at a market analysis of certain sectors to get a better understanding of the multifamily market space. Eric Brown questioned where they see the Green Bank helping to resolve the issues. Ronald Araujo stated that they have been working with the Green Bank. He stated that they are looking at ways to fund the areas the impact energy and efficiency, but aren't related such as health and safety. Kerry O'Neill stated that they are trying to understand the needs and come up with the right solutions. She stated that this is a great opportunity to streamline the processes. Eric Brown questioned whether the multifamily sector is solar and clean energy and if there is opportunity to get energy efficiency into the picture. Kerry O'Neill stated yes, and that they are working very closely with CHFA and the utilities on efficiency.

e. C-PACE

Eric Brown advised that they prioritize the goals and objectives to provide some guidance to the Green Bank. Matt Gibbs stated that they need to depend on one another to achieve the goals. He stated that they will use these elements to support the plan, but that they do need to shrink them. He feels that they're in support of the plan.

Eric Brown questioned how the committee felt about cost effective and whether they felt that coming up with a definition was necessary. Ronald Araujo stated that he feels that they look at cost effective similarly, but that they account for savings differently. He stated that neither one is wrong. Genevieve Sherman stated that there are different cost effectiveness definitions, but that they should try to come up with what cost effective means for the customer. Bryan Garcia stated that the term cost effective is a "term of art"

in the energy efficiency world and that they need to come up with a different term for the customer along the line of customer economics.

Eric Brown questioned whether the committee felt that given more time that they would be able to come up with a term that they would all be comfortable with. Genevieve Sherman stated that she felt that it set the foundation to start thinking about what the common goal is. Ronald Araujo stated that it's really a savings baseline. Bert Hunter stated that he did not feel that they would be able to agree on a definition as the utilities rely on a definition of cost effectiveness for determining incentives for projects, while C-PACE uses a "savings to investment ratio" for compliance with the C-PACE statute, but felt that they should discuss it. Eric Brown stated that the purpose is because they want the customer to understand why they should do this.

6. Next Steps – Joint Committee recommendations to Energy Efficiency Board and Connecticut Green Bank Board of Directors for approval of the CEEF-CGB documents on coordination for financing products including coordinated goals and objectives

Eric Brown asked that the working groups to consider the comments of today, and consolidate their documents into a maximum of three priorities for each area of focus. He requested that the three priorities reflect the Joint Committee principles, including a uniform customer experience as well as stretch targets. He also requested that each of those priorities include something specific to the customer experience.

Bryan Garcia proposed that the staff apply the principle of the Joint Committee to guide the recommendations. He suggested that they prioritize and recommend three goals to be included within their respective comprehensive plans. He stated that the groups should come back by the end of August to be prepared for the next meeting in October. Eric Brown stated that by the end of August the up to three goals will be forwarded to this committee through electronic communication. They will vote to recommend that the boards consider approval of those.

7. Adjourn

Eric Brown adjourned the meeting at 3:39 p.m.

Respectfully Submitted,

Eric Brown, Chairperson