



**Joint Committee of the CT Energy Efficiency Board and the
Connecticut Green Bank Board of Directors**

DEEP, 79 Elm Street, Hartford, CT

**Wednesday, April 20, 2016
1:30-3:30 p.m.**

MINUTES

In Attendance

Voting Members: Amanda Fargo-Johnson (by phone) & Diane Duva.

Non-Voting Members: Ron Araujo, Pat McDonnell, Bryan Garcia, and Bert Hunter

Others: Kerry O'Neill, Craig Diamond, Chris Kramer (by phone), Anthony Clark, Julia Dumaine, Paul Horowitz, Donna Wells, Ricardo, Jordan, Mackey Dykes, George Lawrence (by phone), Kim Stevenson, Taren O'Connor, & Les Tumidaj (by phone)

1. Call to Order

Diane Duva called the meeting to order at 1:42 p.m.

2. Public Comments

There were no public comments.

3. Review and approval of Meeting Minutes for January 20, 2016 meeting

The Committee was unable to approve the meeting minutes from the January 20, 2016 meeting due to no quorum.

Resolution #1

Motion to approve the meeting minutes for January 20, 2016

4. Brief Report-Outs from Sector Working Groups

a. Government

Diane Duva provided an update regarding CEEF and CT Green Bank support for energy management in state buildings which includes additional technical support for the government sector. She discussed the need for additional low cost capital sources for municipal loans and the SBEA financing. She explained that there is a

need to discuss financing products that fill the gaps between small and large projects, and to address the rationing of government sector participation in the SBEA program. She explained that the CT Valley Hospital Energy Savings Performance Contract (ESPC) project is advancing toward execution using General Obligation bond funds, the next ESPC is DMV, also using General Obligation bond funds. The Department of Correction ESPC is using CT Green Bank financing, which is likely to be a Green Bond though that needs to wait until the state's bond cap limitation is addressed. Pat McDonnell questioned if this limitation on financing and Green Bonds just affects state properties. Bert Hunter explained that yes, it is a state issue and that Green Bonds or other financing products are fine for all other customers at this point.

b. Residential – Single Family

Ron Araujo provided an update on Single Family. He explained they have fully integrated CHIF and that CHIF is an approved Smart E lender. He advised that they have been trained on the Connecticut Green Bank processes. He advised that the dashboard will include their activity under the Smart E Loan Portfolio. Kerry O'Neill advised that they are waiting for CHIF to execute the financing agreement. Ron Araujo explained that they are tracking loan activity versus goals and component cost. He explained that they have created drafts and will circulate those. He explained that they need to track the add-on measures and make sure that they're using the dashboard data and show the information graphically. He explained that a draft had been created and that it had already been shared with the residential financing working group. He explained that they need to secure Green Loan Guaranty Fund proceeds from the Bond Commission for the Smart E Loan. He explained that it is on the list to get to the Bond Commission Agenda. Bryan Garcia advised that the Bond Commission has had two meetings and that it has not been included. He advised that they are at least on the list, but the goal is to get on the agenda.

c. Multifamily

Ron Araujo provided an update on Multifamily. He explained that this has been lagging a bit, but that they are starting to do similar activity. He advised that they have created a tracking matrix and that it has been circulated to the working group. He advised that they should have it available for demo purposes. He explained that they will begin tracking the information and looking at things such as MMBTUs per unit and per square foot. He also explained that they are creating a matrix that aligns the funding for programs and the gaps that need to be filled. He explained that they are going to fund a market analysis to quantify and qualify in a meaningful way. He explained that the RFP is still being developed. Kim Stevenson explained that they are continuing with the LEAN streamlining process. Ron Araujo explained that they are working on how to get incentive planning involved earlier in the financing process.

5. In-Depth Report Out from Small Business and Med/Large Business Working Groups

Ron Araujo provided an update on the goals. He explained that they are working on an improved customer experience and examine ways to couple the small business program with C-PACE and other offerings. He explained that one of the upcoming opportunities is oil heating equipment. He explained that that does not get packaged in at this point. He explained that they are working on how well they can package those products together. He explained that the Connecticut Green Bank has put together a boiler light program. If a customer is looking to bundle they could package that energy efficiency with the boiler light program. Donna Wells explained that this is also about how to integrate the two loans.

Ron Araujo discussed the need for identifying low cost capital for small business loans. Mackey Dykes explained that some contractors are doing SBEA, but when the project is larger than \$100,000 they are using C-PACE for the difference. He stated that it's very complicated and that they are in discussions regarding combining the two financing products. He explained that it appears that there will be opportunities for savings for everyone.

Ron Araujo discussed the need to get lower cost capital into the small business program. He explained that currently they are using the utility capital. He explained that there are a lot of challenges and cost this way. He explained that Eversource has been trying to get some alternative funds and remove the small business loan from their balance sheet. Bert Hunter advised that the Connecticut Green Bank is in talks with United Illuminating. He explained that United Illuminating is challenged on how much capital they can put out for the SBEA loan program. The Connecticut Green Bank has come up with a structure to bring in private capital to fund the loans. He explained that they're trying to structure this to get it off the utility balance sheet. He explained that at the right stage Eversource will be brought in. He advised that this might require some regulatory adjustment since at the present time the interest rate buydown and coverage for credit losses is for the benefit of UI and would need to extend to private capital providers. He explained that it cuts through the credit risk for the utility. He explained that it would bring the cost of financing down and certainly considerably below the present utility cost of capital. He explained that depending on the terms and interest rates, interest rate risk could be quite contained.

Bert Hunter also discussed better rates for the 501C 3's for municipalities. He stated that if it can be worked out correctly the interest that they pay will be non-taxable for the lenders. He explained that they would be able to funnel in cheaper money for that portion of the portfolio. He explained that they should be able to bring the cost of capital down. Chris Kramer questioned whether or not the new originations are being at the utility cost of capital currently. Ron Araujo advised that in 2016 they have some of their carryover funds that they plan to use for financing. He explained that they are putting \$3 million into self-funding. He explained that this is being added to additional funding that's already out there. He explained that this has the potential to increase that pool of self-funding. He explained that that is what is being used right now for the current loans that are being done. Mackey Dykes explained that the structure that they're talking about is all behind the scenes and the program interface will remain the same for consumers. Pat McDonnell explained that the opportunity is beyond the small business sector. He explained that they can potentially extend this.

Amanda Johnson stated that there was a recent project that the client didn't qualify for the SBEA. She explained that they were referred to a third party. She questioned what the cost is on the utility side versus a third party instead of keeping it in house. Ron

Araujo explained that they are essentially shedding the risk. He explained that some other lenders are willing to take a greater risk. He explained that they work with them for the interest rate buy down. He explained that he's not certain on the cost. Bert Hunter explained that the credit risk is moved off of the utility's balance sheet, but that in any case the credit losses are absorbed by the fund.

Ron Araujo explained that Eversource and United Illuminating provide stats on the current small business portfolio. He explained that the data includes both small business and municipal loans. He stated that the cost of the last three year plan and volume of the loans has been roughly the same. He advised that the average loan amount is \$15,000. He advised that looking statewide from a loan perspective that it falls right in line with the 80/20. Bert Hunter questioned what the total loan amount outstanding was. Anthony Clark stated that it is approximately \$34 million for Eversource. Pat McDonnell stated that it's about \$13 million for United Illuminating. Donna Wells stated that the loan volume follows the budget for small business.

Donna Wells discussed medium and large business. She explained that one of the goals is to improve the understanding of the opportunities, along with increase the customer savings and benefits. She explained that they want to cross leverage energy and efficiency funds along with the Connecticut Green Bank programs. She explained that they want to target segments to identify financing options. She discussed the recent workshop on nursing homes. Anthony Clark stated that this had represented a big step for collaboration between the Connecticut Green Bank and the utilities. He explained that this was a test for them to pitch CT Green Bank and Energy Efficiency Fund assistance together to a group of nursing homes. He explained that the nursing homes get hounded by contractors and that they've frequently gotten bogus proposals. He explained that since DEEP opened up the conversation it had caught their interest. He explained that they're taking advantage of the DEEP integrations.

Donna Wells explained that they are attempting to develop a tool to provide more simplified and unified options to their customers. She explained that they are developing a flow model to see what they can do differently to help each other. Mackey Dykes explained that they both need to understand how the other works and flows behind the scenes.

Donna Wells provided a flow chart. Chris Kramer questioned if there is a way to ensure that the processes are followed. Ron Araujo explained that the first thing is to make sure that we each understand and align the processes as much as possible. Donna Wells explained that they will add some additional action items to keep moving through.

Amanda Johnson questioned in terms of C-PACE if there is a protocol in place for when a customer can't qualify. Mackey Dykes explained that right now there is no alternative product for projects over \$100,000. Anthony Clark explained that they are in the process of working on an alternative.

6. Issues to Address and Resolve

a. Role/Authority of Joint Committee

Diane Duva stated that in the absence of Eric Brown, the committee should wait to discuss the role/authority of the Joint Committee.

7. Other Business

a. CT Green Bank Comprehensive Plan

Bryan Garcia discussed the comprehensive plan for the Connecticut Green Bank. He provided an update on their budget process and a timeline. He explained that the draft plan has to go through the CT Green Bank's Budget and Operations Committee. He advised that the first meeting is May 25, 2016 with a follow-up meeting on June 7, 2016. He explained that the hope is that at the second meeting there is a recommendation to go to the full Board. He explained that this will be a two-year plan.

Bryan Garcia explained that they are working on two new studies. One is what the market potential is for alternative fuel vehicles and infrastructure for transportation in Connecticut. He explained that passenger vehicles represent 90% of the vehicles. He explained that there is an outstanding piece for the 10% of the market that are of larger vehicles. He explained that a study is being done. He explained that the second part is to see what can be done about it through the tools of the Connecticut Green Bank. He explained that the second study is a renewable thermal technology study in partnership with Yale, UI, and Eversource.

Bryan Garcia explained that they will get the plan out to everyone to look at once it's completed. He advised that the draft should be done by June.

b. Draft Evaluation Framework – CT Green Bank

Bryan Garcia discussed the evaluation framework. He advised that per the bylaws this has to go through the CT Green Bank's Audit Compliance and Governance Committee. He explained that they are focused on what the Connecticut Green Bank's role is. He explained that they are also focused on transparency and making all of the data available so that financing investors understand the risks better. He explained that they are trying to build this out. He explained that the societal impacts are what they're trying to put together.

Bryan Garcia discussed the evaluation plan. He stated that each sector director lays out the problems they're trying to resolve and what they're trying to achieve. He discussed what data is being collected and how it is being evaluated. He explained that they have a new accounting system and that everything talks and communicates with each other. He explained that this is how the lifecycle for how they implement programs and how they report the outcomes. He explained that they are attempting to issue their first Green Bonds and that they'd like to have all the data prior to issuing the bonds.

Bryan Garcia explained that they will have a customer data privacy policy. He explained that every transaction that they do goes to the Comptroller through Open Connecticut. He explained that it is a very transparent process. He explained that they are working with DEEP on how to quantify the associated environmental benefits. He explained that they are looking into how they can start to track public health benefits. He explained that the hope is that this can serve as a foundation for reporting on the Green Bond proceeds.

Diane Duva asked if the program indicators will describe how the CT Green Bank closes the financing and technical assistance gap in unaddressed markets. Bryan

Garcia explained that the goal is to show that there are limited risks in this space. He explained that this is definitely part of the focus, and that they're trying to be a catalyst to bring in the private investment to fill those gaps.

8. Planning for Next Meeting

There was no input regarding planning for the next meeting. Diane Duva advised that the next meeting would be July 20, 2016.

9. Adjourn

The meeting was adjourned at 3:30 p.m.

Respectfully Submitted,

Eric Brown, Chairperson