

**Deployment Committee of the
Connecticut Green Bank**
845 Brook Street
Rocky Hill, CT 06067
Thursday, September 29, 2016
9:00 – 11:00 a.m.

A regular scheduled meeting of the Deployment Committee of the Board of Directors of the Connecticut Green Bank was held on September 29, 2016 at the office of the Green Bank, 845 Brook Street, Rocky Hill, CT.

1. Call to order

Reed Hundt called the meeting to order at 9:03 a.m. Deployment Committee members participating: Reed Hundt (by phone), Bettina Bronisz, Tracey Babbidge as designee for Commissioner Klee and Pat Wrice. Reed asked Bryan Garcia to chair the meeting up to Agenda Item #5.

Staff Attending: Bryan Garcia, Bert Hunter, Kerry O’Neill (by phone), Brian Farnen, Jane Murphy, George Bellas, Mackey Dykes, Dale Hedman (by phone), Eric Shrago, Craig Connolly, Loyola French, Andrea Janecko, Ed Kranich, Robert Schmitt, Bill Colonis, and Selya Price.

Others Attending: Joseph Schwartz, Vanice Newton, , David Newton, , Harsh Luthra, Robert Pero, Mike Trahan, Kapil Luthra, Priscilla Vorel, Nicola Distasio, Devin Langan, Brad Mondschein,

Bryan Garcia discussed public comments and stated that there would be two opportunities for public comment, one at the regular time at the beginning of the meeting and one after the testimony related to the BeFree appeal hearing.

2. Public Comments

A member of the public, David Newton discussed his experience with BeFree, stating that they were the most responsive and that they were excellent at keeping their agreements, in his experience.

Reed Hundt questioned Mr. Newton, inquiring as to whether or not he had been asked to make this presentation by BeFree or its lawyers. Mr. Newton stated that he was advised of this situation via television, but previous to that he had offered an unsolicited presentation. He stated that it is through his own sense of equity that he is providing this presentation today. He stated that he has not talked to counsel nor has he had any recommendations regarding his testimony.

3. Consent Agenda

a. Approval of Regular Meeting Minutes for February 9, 2016*

Bryan Garcia discussed the approval of the meeting minutes from the February 9, 2016 minutes as well as the increase in expansion on the Hartford, 900 Asylum Ave, C-PACE project.

Upon a motion made by Bettina Bronisz and seconded by Pat Wrice, the Committee voted unanimously passing resolution 1 and 2.

Resolution #1

Motion to approve the minutes of the February 9, 2016 Regular Meeting of the Deployment Committee of the Connecticut Green Bank.

b. Under \$300,000 and No More in Aggregate than \$1,000,000

c. Approval of Contingency Increase of C-PACE Transaction*

i. Hartford – 900 Asylum Ave

Resolution #2

WHEREAS, pursuant to Section 16a-40g of the Connecticut General Statutes, as amended, (the “Act”), the Connecticut Green Bank (the “Green Bank”) is directed to, amongst other things, establish a commercial sustainable energy program for Connecticut, known as Commercial Property Assessed Clean Energy (“C-PACE”);

WHEREAS, the Green Bank Board of Directors (the “Board”) has approved a \$40,000,000 C-PACE construction and term loan program;

WHEREAS, the Green Bank seeks to provide a \$704,535 construction and (potentially) term loan under the C-PACE program to HARC, Inc., the building owner of 900 Asylum Ave, Hartford, Connecticut (the "Loan"), to finance the construction of specified clean energy measures in line with the State’s Comprehensive Energy Strategy and the Green Bank’s Strategic Plan; and

WHEREAS, the Green Bank may also provide a short-term unsecured loan (the “Feasibility Study Loan”) from a portion of the Loan amount, to finance the feasibility study or energy audit required by the Act, and such Feasibility Study Loan would become part of the Loan and be repaid to the Green Bank upon the execution of the Loan documents.

NOW, therefore be it:

RESOLVED, that the President of the Green Bank and any duly authorized officer of the Green Bank is authorized to execute and deliver the Loan in an amount not to be greater than one hundred ten percent of the Loan amount with terms and conditions consistent with the memorandum submitted to the Deployment Committee dated September 20, 2016, and as he or she shall deem to be in the interests of the Green Bank and the ratepayers no later than 120 days from the date of authorization by the Deployment Committee;

RESOLVED, that before executing the Loan, the President of the Green Bank and any other duly authorized officer of the Green Bank shall receive confirmation that the C-PACE transaction meets the statutory obligations of the Act, including but not limited to the savings to investment ratio and lender consent requirements; and

RESOLVED, that the proper the Green Bank officers are authorized and empowered to do all other acts and execute and deliver all other documents and instruments as they shall deem necessary and desirable to effect the above-mentioned legal instruments.

4. Infrastructure Sector Program Updates and Recommendations

Bryan Garcia discussed program updates and recommendations. He stated that they are half way to the policy goal of 300 Mega Watts by 2022. He stated that costs are down about 35% since 2011. He stated that they are looking at about \$3.45/watt today. He stated that this is great for consumers and that contractors are competing for business. He stated that incentives through the Residential Solar Investment Program have declined by over 80% since 2011. He stated that there has been a reduction in incentives as they transition to working directly with contractors. He stated that they are deploying about the same amount of Solar PV compared to surrounding states on a watt per capita basis. He stated that it is saving nearly 3.5 million Mega Watt hours over the life of the solar system, which is a reduction of 3.6 billion pounds of CO2 emissions.

Bryan Garcia went on to discuss the study done by UConn as to how solar is reaching all of the income classes across the state, specifically low to moderate income homes. Kerry O'Neill explained that this was presented back in December of 2014, the progress that had been made. She stated that at that time there was quite a gap in the income bands. She stated at that time they were only making about 1/10th the penetration rate in the lowest income band as they were at the higher income bands. She stated that there is still a gap, but it is currently being reduced. She stated that they still need to make more progress. She stated that PosiGen is using the PBI that was created and tiered toward low to moderate income households. She stated that there is still more work to be done, but they are getting this information out to the installers to let them know that there are great customers in the low to moderate income bands.

a. Residential Solar Investment Program – Steps 11 through 13*

Bryan Garcia discussed the Residential Solar Investment Program, Steps 11 through 13. He stated that in the past they have offered incentives that gradually step down over time. He stated that they are keeping Step 11 the same as in Step 10 and bringing it down in Step 12 and 13 by 5 – 10% more. He stated that for the low income PBI, they will reassess in Steps 12 and 13 to close the gap, and see more solar in low to moderate income census tracts. He stated that they recover the value of the incentives through the sale of Solar Home Renewable Energy Credits. He stated that it will all come back to the Green Bank over time.

Tracy Babbidge questioned why it is being kept level now. Bryan Garcia stated that the overall value of the incentive per project is roughly \$2,500, about 8% of the value of the system – and the equivalent of a \$20-\$25 ZREC on a present value basis. He stated that they want the market to transition away from the Green Bank over time as they approach the 300 MW policy target.

Bryan Garcia discussed Sustained Orderly Development. He stated that this is a term that had been included in original statutes in 2011. He explained that it's trying to ensure that the development of the solar industry is sustained over time and to ensure that the industry will be able to sustain itself. This term holds public policy relevance and may serve as a pathway for the Connecticut Green Bank and the electric utilities to work towards a special incentive that combines energy efficiency with solar PV.

Bryan Garcia stated that they have been working hard with the utility partners through the Joint Committee. He stated that there is a lot of language in the Comprehensive Plan regarding the shared goals between the organizations. He stated that by partnering with

the utility on separate tracks for the RSIP, a track that would include efficiency first (i.e., Home Energy Solutions assessment), and then seek to deliver deeper energy efficiency, then solar PV would further enhance the offering. The goal of the state from a climate change perspective is to reduce greenhouse gases. He explained that transportation is about 40% of the emissions That's in the light to medium duty vehicle category. He stated that how we heat and cool our building is also a large emitting sector, nearly equal to the electric sector itself.

He presented scenarios that look at electric vehicles (EVs) and renewable thermal technologies (RTTs) powered with solar PV as a means of lowering energy prices (i.e., cheaper) and reducing greenhouse gas emissions (i.e., cleaner). There is an opportunity to combine solar PV with energy efficiency, EV, and RTT to deliver cleaner and cheaper energy sources to Connecticut residents.

Bryan Garcia stated that they are working with DEEP to come up with a plan to accelerate more electric vehicle purchasing.

Bryan Garcia discussed Air Source Heat Pump systems, powered by Solar PV. He explained that they provide cleaner and cheaper sources of energy than electric and fuel. He also discussed Ground Source Heat Pumps, powered by Solar PV, stated that they also, provide cleaner and cheaper sources of energy than electricity, oil, and natural gas. He stated that there is a larger upfront investment for these. He stated that over time the cost would be better. He stated that his is a big market as it would be displacing heating oil.

Pat Wrice discussed the messaging of these types of pump systems. Bryan Garcia stated that they are working on how to communicate it. Tracy Babbidge stated that a good opportunity would be the Governor's Council on Climate Change and working with the Roundtable on Climate and Jobs to do outreach to stakeholders.

The resolution was discussed, but it was not proposed for approval.

5. BeFree Appeal

Brian Farnen provided a background on BeFree. He stated that following an investigation, it was found that BeFree violated Section 411, pursuant to the RFQ, the Green Bank provided sanctions. He stated that BeFree appealed the sanctions. He stated that the Deployment Committee has reviewed the appeal. He stated that BeFree will be limited to a 30 minute presentation. The Green Bank will be limited to 15 minutes. He stated that the Committee may ask any questions.

Attorney Brad MondscheinMondschein stated that Be Free is requesting 50 – 60 minutes for their presentation. Reed Hundt asked if there had been a limit put on the amount of written material that BeFree could enter. Brian Farnen and Brad Mondschein Mondscheinboth stated no, there had not been any limits placed on written material. Reed Hundt then questioned how much time BeFree had been allotted to prepare for today's meeting. Brad Mondschein stated that they were advised approximately 30 days prior. Reed Hundt questioned why they were not able to put more information in writing and limit their presentation to the allotted 30 minutes. Brad Mondschein stated that it is important that the Committee be verbally informed by the Luthra's. He stated that he didn't feel that the simple statements that were going to be made by the Luthra's could be put into writing.

Reed Hundt stated that he was not inclined to allot any additional time to the Luthra's. Tracy Babbidge stated that it's difficult to determine whether or not additional time is necessary without hearing what the unresolved issues may be. She stated that she would allow it to go beyond the allotted 30 minutes if necessary. Pat Wrice stated that she agreed with Tracy, but if it becomes redundant they should stick to the original 30 minutes. Bettina Bronisz also agreed. She stated that this is a serious matter and she would like to afford them the time needed. Reed Hundt agreed and stated that they would have additional time to explain if it were needed.

Brad Mondschein stated that they had come to conclusion that BeFree did not do anything intentionally wrong. He stated that the installers made up their own packing slips and delivered them to the Green Bank, as if things had been delivered to the homeowners. He stated that the HOPBI Program took the place of the EPBB Program. He stated that the installers were advised to not worry, nothing was going to change. He stated that they believe that this is a game, against BeFree. He stated that BeFree questions the processes and that they are not silent bystanders, and for that reason, they are being punished.

Kapil Luthra discussed BeFree's background and that they had been doing business with the Green Bank since 2008. He went into detail about the different ways that their business has been using green energy. He advised that BeFree has over 600 happy customers. He stated that BeFree also changed the five-year warranty for workmanship, to a 12-year warranty.

Kapil Luthra discussed issues with the Green Bank, stating that each time BeFree dropped their price, the Green Bank would drop the rebate, which in turn would slow the market. He stated that BeFree has the most experience in the state with battery technology. He stated that they have been leaders in reducing soft costs. He stated that they were the first to get the permit fees capped in Durham. In Haddam they were able to get the permit fees removed all together. He stated that this encouraged more installs, which created more jobs.

Reed Hundt stated that there was no discussion regarding any of the violations that were charged by the Green Bank. He suggested that these things, in the interest of time, be discussed.

Kapil Luthra went on to discuss the processes that BeFree handled with the Green Bank. He stated that when they had ordered items in bulk, they had asked the Green Bank if they could have things delivered to one site. He stated that that was approved, and that they could submit 60% rebate forms when the items were delivered. He stated that they were advised that they could submit 70% rebate forms when the items were delivered to his facility. He stated that they were advised that the homeowner no longer needed to sign. He stated that since 2012 the Green Bank had forms that were not clearly defined.

Kapil Luthra stated that he had emailed Bryan Garcia regarding the HOPBI Program. He stated that he advised that the homeowner should be the one dealing with the rebate form, not the contractor. He stated that in a 2014 meeting with the Green Bank that Kerry O'Neill had stated that they would be looking at a solution to implement the rebate program.

Kapil Luthra stated that BeFree had advised the Green Bank that they order parts to be delivered to their warehouse. He stated that the Green Bank approved this process. He stated that this is the issue with the 66 packing slips, and that now they do not allow that to happen under the HOPBI Program. He stated that BeFree was not advised of this new practice until one year after the program had ended.

Kapil Luthra stated that no Green Bank money was used to pay for parts that were ordered by BeFree upfront. He stated that BeFree hired a new employee specifically to handle all of the Green Bank processes. He stated that the Green Bank trained this employee on their processes. He stated that there is no email that the Green Bank had any issues with bulk ordering. He stated that BeFree always paid prior to filling out any rebate forms. He stated that it took the Green Bank 6 – 8 months to process things, because the process was so complicated.

Reed Hundt discussed the program violations, stating that the first one is concluding, by the Green Bank that BeFree submitted fraudulent packing slips. He requested that Kapil Luthra speak directly to that. Kapil Luthra stated that Dale Hedman made this accusation one year after the program had ended. He stated that the Green Bank was aware of the bulk order submissions and that they did not reject the submissions.

Brad Mondschein stated that the bulk packing slips were accepted as part of the EPBB Program even though the forms indicated otherwise. He stated that BeFree was advised to ignore that fact and were never told to do it that way.

Reed Hundt requested the names of the Green Bank staff involved. Brad Mondschein stated that Ed Kranich's email acknowledges the submission of the bulk packing slips. Kapil Luthra stated that in 2012 they had asked if they could submit all of the bulk packing slips, and both Ed Kranich and Dale Hedman were on that email.

Kapil Luthra went on to discuss the account that the Green Bank had created for the HOPBI working capital. He stated that there had never been any transactions on the account, until June 2016. He stated \$614,000 went into the account and then went back out.

Kapil Luthra went on to discuss the accusations of not getting permits for work performed in Killingworth. He stated that the Town of Killingworth was retaliating against BeFree.

Brad Mondschein stated that they would submit the Customer Complaints PowerPoint for the record.

Kapil Luthra went on to discuss customer complaints, stating that they were not actual customer complaints. He stated that they were actually customers wanting out of their contracts.

Reed Hundt suggested that customer complaints be written and submitted into record.

Brian Farnen provided the rebuttal. He stated that there were 66 times that BeFree failed to follow the Green Bank's policies and cited the submission of falsified documents. He also stated that there had been numerous complaints regarding BeFree from Eversource and towns.

Brian Farnen provided a background on the HOPBI RSIP incentive and the HOPBI Working Capital Loan. He stated that the impact on the violations are that the Green Bank overpaid BeFree.

Brian Farnen stated that the emails that BeFree are referring to, do not pertain to the HOPBI Working Capital Loan Program. He stated that the Green Bank's instructions are very clear. He stated that BeFree continues to cite irrelevant information and demonstrates that they do not understand the Green Bank's program requirements and rules.

Reed Hundt asked what it is that Brian Farnen sees as the act of fraud. Brian Farnen stated that BeFree lead the Green Bank to believe that the panels were on site of the homeowners, when in fact, they were not. Reed Hundt questioned how this information was obtained. Ed Kranich stated that the Green Bank learned this information when a change order was later submitted that different equipment was going to be installed and through follow-up with homeowners once we became aware of the issue.

Pat Wrice questioned how common it was for contractors to buy in bulk. Brian Farnen stated that the problem does not lie with buying in bulk as this is permitted by solar contractors. The problem lies with the Working Capital Loan program requirements and whether or not the project meets the standards to be deserving of the Working Capital Loan.

Brian Farnen stated that the Green Bank instructions require that materials be on site.

Ed Kranich stated that the email that BeFree is citing for bulk delivery of panels to the BeFree warehouse do not pertain to the HOPBI Working Capital Loan. He stated that the Green Bank never permitted rebates or any other types of payments when materials were ordered, only when materials are delivered. He stated that all of the paperwork submitted by BeFree appeared to be correct. They had no reason to believe that equipment was not at the locations until they received the change orders.

Tracy Babbidge questioned the Certification Statement on the form. Brian Farnen stated that the form states that the materials are sent to the homeowners site.

Brian Farnen stated that there were consumer complaints that BeFree would change equipment and would not advise anyone of the change until the equipment was installed. He stated that this is not allowed. He stated that there must be a change order prior to any installation.

Brian Farnen summarized the issues. Brian stated that we heard a lot this morning from BeFree but unfortunately much of the information they presented was not relevant as it was outside the scope of this appeal. Brian stated that BeFree was deflecting from the reasons for why they are here today. Brian explained that it was beyond dispute that BeFree improperly submitted packing slips to receive working capital loans they were not entitled to. Brian referenced that the failure to follow contractor processes not only applied to the RSIP but all three additional programs - CT Solar Lease, Smart-E Loans, and solarize. Brian explained the program violations with these three additional programs.

Brian referred to the established record and the excessive complaints from consumers, that BeFree is an outlier when it comes to consumer complaints and provided various examples of such complaints.

Lastly, Brian cited and provided background on the numerous complaints from town officials and Eversource, and that these complaints related to failure to follow established required protocols and processes which is a consistent theme with BeFree. He further explained permitting and safety issues with BeFree.

Brian Farnen requested that BeFree's appeal be denied because of all the reasons set forth in the record, and as summarized in the presentation and slides. Citing that they have had many chances to do things correctly, take remedial action and learn from past mistakes. Brian stated that BeFree should be terminated from all Green Bank programs. Reed Hundt questioned if this would be for a specific amount of time or forever. Brian Farnen advised that it is for a one year

term, with the right to reapply. The one year will begin from the date of the determination by the Deployment Committee. Being reaccepted into the Green Bank's programs is contingent upon all open issues with BeFree being closed out, they follow all written procedures for any remaining work that needs to be accomplished and any funds owed to the Green Bank would be paid before BeFree would be allowed back into the Green Bank's programs. Selya Price stated that they do not have the final number on the amount that BeFree owes to the Green Bank but the Green Bank will work to finalize that number over the next few weeks.

In regards to additional time requested by BeFree, Reed Hundt stated that BeFree requested 50 – 60 minutes for their presentation and that they were afforded that time. He stated that they are receiving their due process and they were able to provide any information/documentation that wanted to on the record as part of their appeal.

Mike Trahan of Solar Connecticut provided a statement. He stated that BeFree is more of a market disrupter and that there needs to be more companies like BeFree. He stated that if installers don't push back, the solar industry will have a difficult time.

Reed Hundt questioned if Mike Trahan had seen the email from Ed Kranich and if in his opinion, he had approved. Mike Trahan stated that he could not answer that, but that he doesn't feel that the actions of BeFree rise to the level of expulsion. He stated that BeFree has been one of the consistent solar contractors in Connecticut.

Bettina Bronisz stated that she understands that people are confused, because of all of the procedural changes due to different statutes, etc. Brian Farnen stated that there were only two companies, BeFree being one of them, that were confused on what the Green Bank's program requirements are.

Pat Wrice asked what percentage of BeFree's business comes from the Green Bank. Brian Farnen stated that they get much of their business through Solarize. Brad Mondschein stated that it's almost 100% and that they rely on the Green Bank incentives.

George Bellas provided a background on the working capital loan. He stated that he advances the loan proceeds into the company's account, when a loan document is executed. He stated that there was a loan document executed with BeFree. He stated that the incentive is the mechanism for repayment.

Selya Price stated that HOPBI loan funds are issued to installers bank accounts so that installers can have use of those funds. She stated that they don't get incentives until the projects are actually completed. She stated that the Webster account and the HOPBI Loans were created to benefit the installers. She stated that BeFree submitted when they ordered materials in bulk to be shipped to BeFree's warehouse, not when materials were delivered at the customer's home, which is against the HOPBI working capital loan program requirements.

Reed Hundt asked if Selya Price had seen the email that BeFree is saying what they did is acceptable. Brad Mondschein stated that the Green Bank was aware and did nothing to change things. Selya Price stated that the email refers to the CT Solar Lease Program, which is a totally different program.

Brad Mondschein stated that BeFree was not advised that they had done anything wrong until 6 – 8 months after that email. Brian Farnen stated that they were not aware and could not have been

aware that BeFree was doing anything wrong until later. It was not until BeFree submitted numerous change orders did the Green Bank staff learn that BeFree was improperly requesting HOPBI working capital loans.

Bettina Bronisz questioned if they are now conforming. Brad Mondschein stated that they are conforming. Selya Price stated that it's not just this one HOPBI incident. She stated that they are seeing a consistent pattern of BeFree not conforming to the processes of the Green Bank across various program platforms.

Bettina Bronisz questioned if the utilities are having issues with BeFree as well. Selya Price stated that the issues with the utilities have to do with battery backup and the utility's PURA approved interconnection guidelines. She stated that BeFree cannot decide what to include and what not to.

Robert Pero discussed at a high level the Department of Consumer Protection action against BeFree and the fact that there is a hearing scheduled involving consumer complaints against them. The hearing is in regards to the Home Improvement Act.

Priscilla Vorel, who works for BeFree commented on their customer service practices.

In response to a question, Brian Farnen stated that there had been a sanction against BeFree a year ago. Bettina Bronisz questioned what the sanction was a year ago. Brad Mondschein stated that they had settled with Green Bank and, both the Green Bank and BeFree had agreed to give two towns 5KW of free solar. He stated that it was a completely different issue.

Brian Farnen stated that there are three options for the Committee. They can deny the appeal, grant the appeal, or deny the appeal and list out the sanctions that they would agree to. Reed Hundt suggested a fourth option. Reed suggested that both parties use the time until 5pm today to come up with a compromise. Brad Mondschein stated that they have had settlement negotiation discussions and that he felt that they were pretty close to getting this issue resolved. He stated that the feedback from the Committee should help. Brad Mondschein stated that he and BeFree would be happy to sit down and continue discussions with the Green Bank.

Resolution #4

RESOLUTION TO [*Select One*: DENY / GRANT / GRANT IN PART AND DENY IN PART] APPEAL

WHEREAS, following an investigation, the Connecticut Green Bank determined that BeFree Green Energy LLC ("BeFree") violated the provisions of Section 4.11 of the Green Bank Eligible Contractor and System Owner RFQ (the "RFQ"); and

WHEREAS, pursuant to Section 4.11 of the RFQ, the Connecticut Green Bank imposed sanctions against BeFree; and

WHEREAS, the findings of Connecticut Green Bank and resultant sanctions are set forth in letters to BeFree dated February 29, 2016 and August 15, 2016; and

WHEREAS, BeFree has appealed the sanctions of Connecticut Green Bank to the Connecticut Green Bank Deployment Committee (the "Committee"); and

WHEREAS, the Committee heard BeFree’s appeal at its September __, 2016 meeting.

NOW, THEREFORE, BE IT RESOLVED that:
OPTION ONE (DENYING APPEAL):

The appeal of BeFree Green Energy LLC is denied. The findings of Connecticut Green Bank and resultant sanctions against BeFree are affirmed, and shall stand as forth in the August 15, 2016 letter from the Connecticut Green Bank to BeFree.

OPTION TWO (APPEAL GRANTED):

The appeal of BeFree Green Energy LLC is granted. The findings of Connecticut Green Bank and resultant sanctions against BeFree, which are set forth in the August 15, 2016 letter from the Connecticut Green Bank to BeFree, are hereby vacated.

OPTION THREE (MODIFYING):

The appeal of BeFree Green Energy LLC is denied in part and granted in part. The findings of Connecticut Green Bank and resultant sanctions against BeFree, which are set forth in the August 15, 2016 letter from the Connecticut Green Bank to BeFree, shall be modified to include the following additions and/or substitutions.

As to the factual findings, the Committee finds as follows:_____

_____.

As to the applicable sanctions, the Committee modifies the sanctions against BeFree as follows:

_____.

6. Other Business

7. Adjourn

Upon a motion made by Bettina Bronisz and seconded by, Pat Wrice, the meeting was adjourned at 12:26pm.

Respectfully Submitted,

Reed Hundt, Chairperson