

**Deployment Committee of the
Connecticut Green Bank**

845 Brook Street
Rocky Hill, CT 06067
Tuesday, May 30, 2017
2:00-3:00 p.m.

A regular scheduled meeting of the Deployment Committee of the Board of Directors of the Connecticut Green Bank was held on May 30, 2017 at the office of the Green Bank, 845 Brook Street, Rocky Hill, CT.

1. Call to order

Bryan Garcia called the meeting to order at 2:02 p.m. Deployment Committee members participating: Matt Ranelli (by phone), Bettina Bronisz (by phone), & Reed Hundt (by phone).

Staff Attending: Bert Hunter (by phone), Kerry O'Neill (by phone), Bryan Garcia, Cheryl Samuels, Mike Yu (by phone), Ben Healey (by phone), Kim Stevenson, Brian Farnen (by phone), George Bellas, Jane Murphy, Eric Shrago, Dale Hedman, Tyler Magnano and Rick Ross.

2. Public Comments

There were no public Comments.

3. Consent Agenda

a. Approval of Meeting Minutes for March 28, 2017

Upon a motion made by Reed Hundt, and seconded by, Matt Ranelli, with an abstention from Bettina Bronisz, the Meeting Minutes for March 28, 2017 were approved.

Resolution #1

Motion to approve the minutes of the March 28, 2017 Meeting of the Deployment Committee of the Connecticut Green Bank.

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

Bryan Garcia provided an update on the transaction under \$300,000 and no more in aggregate than \$1,000,000.

4. Infrastructure Sector Program Recommendations

a. Residential Solar Investment Program – PBI Commitment Payout

Mike Yu provided an update on the RSIP PBI Commitment Payout proposal. He discussed that this had been brought to the Board at the last meeting. He explained that the Board had asked them to revisit a few aspects and come back to the Deployment Committee with an update.

Mike Yu thanked Reed Hundt for the input from his contact from Stanford University. He discussed the format of the auction. He stated that it will be focused on the discount rate, while discussing the bidding process.

Bettina Bronisz questioned if there were minimum bid amounts. Mike Yu stated that there have not been any minimums or maximums set as of yet but that staff would look into the matter.

Reed Hundt suggested that they establish a rule that there cannot be any partial units sold. Mike Yu stated that there would be no partial units allowed.

Bettina Bronisz restated her question, clarifying that she's questioning if bidders are free to set whatever dollar amount they choose. Mike Yu stated that they cannot bid below the discount rate.

Reed Hundt questioned what the reserve price was set at. Mike Yu stated that they are still discussing that internally. He stated that people have been accepting of a 5% or more discount rate. Reed Hundt questioned why a reserve price was being set. Mike Yu stated that this was a way to eliminate the Green Bank's liabilities at a discount.

Bert Hunter stated that at a particular discount rate they would be able to satisfy more than one objective.

Matt Ranelli questioned if there is any other risk that the Green Bank is taking on about future performance. Mike Yu stated that performance is one of the risks, in addition to outlying capital. He stated that that risk is being transferred from the TPO to the Green Bank. He stated that they will examine those systems individually. Reed Hundt questioned re auditing the systems. Mike Yu stated that Dale and his group have the tools in place to look at the systems. He stated that they will follow up to make sure to not create new burdens for that team. Reed Hundt stated that they should be able to come up with a simple solution, so if performance is at a certain minimum, historically, they can bid that system. Dale Hedman stated that he can prepare a list.

Bryan Garcia stated that the realization rates are pretty good. Dale Hedman stated that they are fairly consistent at the moment.

Dale Hedman stated that there is a concern about matching up the performance of systems with the remaining PBI. He stated that they are seeing a band around 90% – 105% performance over the next 3 – 4 years. He stated that some overproduce and some under produce. He stated that the average would be about 90% – 93%.

Bert Hunter stated that they will use Dale Hedman's list, and if the Deployment Committee doesn't want a reserve price, they will not have one. Brian Farnen stated that although it will be a benefit to the solar companies, it's no guarantee that the benefit will come back to Connecticut. Matt Ranelli stated that he would like to see them get a good rate. He stated that it is to their benefit in the long-term.

Reed Hundt stated that if people have said that 5% - 10% is plausible, they should set the rate at 4%. He stated that if there is no minimum, bidders might just put in bids at 0% - 1%. He stated that they want to get the true, market set rate. Mike Yu stated that they are happy to take the recommendation and set a 4% reserve rate. He stated that he feels that the finance team would be in agreement with that. Bryan Garcia stated that the Board will have to approve the 4% minimum.

Upon a motion made by Reed Hundt, and seconded by, Bettina Bronisz, Resolution 2 passed.

Resolution #2

WHEREAS, the Green Bank designed and implemented a Residential Solar Photovoltaic Investment Program ("RSIP") to achieve a minimum of three hundred (300) megawatts of new residential PV installation in Connecticut before December 31, 2022;

WHEREAS, pursuant to Section 106 of the Act, the Green Bank offers direct financial incentives, in the form of performance-based incentives ("PBI") or expected performance-based buydowns ("EPBB"), for the purchase or lease of qualifying residential solar photovoltaic systems.; and

WHEREAS, the Green Bank seeks to opportunistically reduce some of its obligations under the PBI program by purchasing the obligations at a discount.

NOW, therefore be it:

RESOLVED, that the Green Bank Deployment Committee recommends to the Board of Directors for approval the auction framework as described by staff and consistent with this memorandum dated May 23, 2017.

b. Anaerobic Digester Farm Project Update

Rick Ross provided an update on Anaerobic Digester Farm Project. He stated that they are still doing due diligence in the financing area. He explained that the project, if approved, would be funded under the 5-year statutorily mandated pilot program. He stated that two farm based AD project applications had been submitted to the Green Bank before the close of the application deadline by the same developer. Since both projects are great projects and very similar in size and capital requirements, staff decided to select the project that was the furthest along in the development cycle. He stated that the second project will be placed in the AD pilot program project queue for consideration at a later date. He stated that the project staff chose to bring to the committee is a 450 kW, farm based AD system. He stated that due to it being farm based it does not have the sophisticated front end food waste processing equipment like the much more expensive commercial AD projects that have already been approved by the board. Therefore, they are only able to accept specific food waste substrate that is in the form of a slurry (i.e. deliverable by a pump-able tanker truck). He stated that the system will be located on a 1000 acre multi-generation family owned and operated farm, with about 400 total cows, 200 of which are milking cows. He stated that the farm owner is planning to add an additional 150 milking cows, if the AD system is approved and built. He stated that the system will produce about 3.3 million kilowatt hours of electricity annually. He stated that the farm will use approximately 6% of the electrical output produced by the system with the remaining made available to offtakers. He stated that the capital cost to build the system will be in the \$3.7 million range.

Bryan Garcia stated that they will bring this to the June or July Board Meeting for approval of the loan.

Matt Ranelli questioned if there were any other revenue streams, or if there is just the energy component. Rick stated that the farm will also use the digestate solids for cow bedding, offsetting cost of bringing in materials from an outside source, and the liquid digestate fraction, enhanced by the addition of food waste, to be used for crop fertilizer. The farm will also use some of the thermal energy produced by the engine for its operational needs.

5. Residential Sector Program Recommendations

a. Health and Safety Partnership with DEEP

Kim Stevenson discussed the partnership with DEEP regarding the Green Bank receiving and administering \$1.5 million in RGGI Funds to establish a Health and Safety Revolving Loan Fund. She stated that the funds from this will be used explicitly for the remediation of health and safety that prevents upgrades.

Kim Stevenson thanked the DEEP team for their hard work. She stated that the funds would be targeted for low and moderate income housing in Connecticut. She stated that any funds not deployed by 2022 would be returned to DEEP. She stated that they

plan to deploy the funds only for multifamily properties initially. She stated that at a future date, if it makes sense, they will also do single family. She stated that they will have the ability to use the dollars for grants, on an exception basis. She stated that they plan to finalize the program guidelines for use of the funds in the Catalyst Fund and bring them back to the Board for approval.

Reed Hundt questioned the thinking about the meaning of energy related health and safety barriers. Kim Stevenson stated that energy related issues are those that have to be taken care of before any upgrades can be implemented. Kerry O'Neill stated that part of it is because a lot of the housing stock in the state was built before 1979. She stated that it's worse in lower income residential units.

Bettina Bronisz questioned what rate they anticipate the monies earning at. Kerry O'Neill stated that they do not have to pay the money back to DEEP. Kim Stevenson stated that the Catalyst Loan Fund is 6% or below. She stated that it really depends, but anywhere from 6% down. Kim Stevenson stated that they expect it to probably be a lot lower than that. She stated that they are still discussing it, and that is part of what they will be taking back to the Board.

Ben Healy stated that the rate setting will not be as low as the AAA rating. Kerry O'Neill stated that DEEP is requiring guidelines to be approved by them before being made available in the market.

**Upon a motion made by Matt Ranelli, and seconded by Reed Hundt,
Resolution 3 passed.**

Resolution #3

WHEREAS, the Connecticut Green Bank ("Green Bank") actively seeks to deploy private capital investment toward clean energy improvements in the state's multifamily housing which in some cases have preexisting health and safety issues that are preventing opportunities for clean energy improvements to be made;

WHEREAS, the definition of "clean energy" per the Green Bank's enabling statute set forth at C.G.S. 16-45n includes renewable energy technologies as well as "financing of energy efficiency projects," but does not include health and safety;

WHEREAS, the Green Bank's enabling statute provides that the Green Bank may make "expenditures that promote investment in clean energy in accordance with a comprehensive plan developed by it to foster the growth, development, and commercialization of clean energy sources," and that "such expenditures may include, but not be limited to...the implementation of the plan developed pursuant to ... this section";

WHEREAS, the Green Bank Comprehensive Plan approved by the Board of Directors on July 22, 2016 acknowledges the need to mitigate health and safety issues that act as barriers to realizing clean energy investments opportunities; the Comprehensive Plan also notes that the goals of the Green Bank are to support the implementation of Connecticut's clean energy policies be they statutory (i.e., PA 15-194), planning (i.e., Comprehensive Energy Strategy, Integrated Resources Plan), or regulatory in nature;

WHEREAS, the Connecticut Department of Energy and Environmental Protection (DEEP's) 2013 Comprehensive Energy Strategy and the 2014 report of the Connecticut Department of Public Health highlights a funding gap for health and safety remediation as a significant barrier to energy upgrades in the state.

WHEREAS, Green Bank staff has developed expertise and programmatic capacity in deploying funds to remove health and safety barriers to realize clean energy improvements at multifamily properties consistent with the Green Bank's enabling statute through its current multifamily programs and program partnerships;

WHEREAS, Green Bank staff is now requesting approval to receive and administer \$1.5 million in Regional Greenhouse Gas Initiative funds from DEEP for the purpose of funding remediation of energy related health and safety barriers in residential housing through a program titled EnergizeCT Health and Safety Revolving Loan Fund ("H&S Fund").

NOW, therefore be it:

RESOLVED, that the Deployment Committee authorizes approval to receive and administer \$1.5 million in Regional Greenhouse Gas Initiative funds DEEP for the purpose of funding remediation of energy related health and safety barriers in residential housing through the H&S Fund;

RESOLVED, that programmatic terms and conditions for distribution of these funds will be brought to the Deployment Committee for approval at a future date and will be directionally consistent with the guidelines and memorandum dated January 13, 2017 regarding the H&S Fund and associated exhibits submitted to the Board; and

RESOLVED, that the proper 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 affect the above-mentioned legal instruments.

6. Other Business

There was no other business discussed.

7. Adjourn

Bryan Garcia adjourned the meeting at 3:03 p.m.

Respectfully Submitted,

Reed Hundt, Chairperson

DRAFT