



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

**Eversource Energy
107 Selden Street, Berlin, CT
Room 0-22E, East Building**

**Monday, October 17, 2016
1:30-3:30 p.m.**

MINUTES

In Attendance

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

Non-Voting Members: Bryan Garcia, Ron Araujo

Others: Marissa Westbrook, Steve Bruno, Gentiana Darragjati, Pam Penna Verrillo, Craig Diamond, Kerry O'Neill (phone), Chris Kramer (phone), Mackey Dykes, Taren O'Conner, Donna Wells, Evan Johnson, Kim Stevenson (phone).

1. Call to Order

Eric Brown called the meeting to order at 1:34 p.m.

2. Public Comments

There were no public comments.

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

Upon a motion made by John Harrity, and seconded by Amanda Fargo-Johnson, with an abstention by Norma Glover. The Minutes for July 20, 2016 passed.

4. Other Business

a. C&LM Plan - update and process

Diane Duva provided an update on the C&LM Plan Update. She stated that the Board had already approved it, with four clarifications needed. She stated that the Board will provide the clarifications through a letter. She stated that once the clarifications are provided DEEP will review them. DEEP will either reject, modify or approve the 2017 Update to the C&LM Plan. She stated that DEEP has offered a

public meeting and comment period, tentatively scheduled for 11/04/2016. The comment period will close on 11/14/2016.

Chris Cramer stated that the Joint Committee update is included as an appendix to that update.

Eric Brown questioned what the target deadline is for the review. Diane Duva stated that it is December 31, 2016.

b. Governor's Council on Climate Change – update

Diane Duva provided an update on the Governor's Council on Climate Change (GC3). She stated that the next meeting is on Wednesday, October 19. She stated that they have provided some slides regarding greenhouse gases with a reference to efficiency. She stated that there will be a webinar in the next few months focusing on aspects of efficiency.

Bryan Garcia provided comments on the Northeast States for Coordinated Air Use Management (NESCAUM) analysis. In regards to the Global Warming Solutions Act, he stated that the targets are to be below 10% of the 1990 levels by 2020, and 80% below 2001 levels by 2050. He stated that this is hard to achieve, and that this was Governor Malloy's charge to the GC3. He noted that it has become quite clear to the GC3 that decarbonizing the electric grid will be the key to achieving the GHG reduction targets. He stated that transportation is 40% of the state's emissions, which is why electric vehicles are important. He also explained that nearly 40% of the state's emissions are how we heat our residential, commercial, and industrial buildings and water, which is why renewable thermal technologies are important.

Norma Glover stated that she has a concern about studies on windmills. She stated that Connecticut is so far behind. She stated that it's a big part of the industry in some states. She questioned if there is education done on it.

Bryan Garcia discussed production versus consumption based greenhouse gas inventories. He stated that there is a movement away from production based accounting and more towards consumption based accounting in order to recognize how policies such as the Connecticut Renewable Portfolio Standard, which is creating clean energy in the region, will count towards Connecticut's GHG emission reduction targets. He stated that Connecticut has an aggressive RPS. He stated that it doesn't have to be in Connecticut, but throughout the region. He stated that nuclear energy comes up quite a bit as well given its baseload capabilities and zero emitting nature.

John Harrity discussed the Machinists Union and a resolution that was passed on climate change. Bryan Garcia mentioned that John Humphries and John Harrity are leading the Roundtable on Climate and Jobs to raise more awareness about Connecticut's efforts to address climate change through regional workshops and events. John Harrity stated that he was very happy that the Governor had agreed to tackle the issue.

Eric Brown discussed the issue of measurement and how to measure different things. He stated that they need to keep in touch with what other groups are discussing, because it's a more meaningful measurement in terms of educating the public.

c. Comprehensive Energy Strategy – update

Diane Duve provided an update on the Comprehensive Energy Strategy. She stated that it's time to update the 2013 strategy. She stated that there have been stakeholder engagement conversations. She stated that they can expect a draft before the end of the year.

Eric Brown questioned if there will still be the 60-day comment period. Diane Duva stated, yes.

5. Annual Report-Outs from Sector Working Groups: Emerging Opportunities and Issues to Resolve

a. Residential – Single Family and Multi-Family

Steve Bruno provided an update on the Joint Committee metrics. He highlighted Single Family. He stated the merger where CHIF became Capital for Change is complete. He stated that October results will start reporting Smart-E through the program. He stated that the team is creating a Multi-Family tracking matrix, which was circulated for review by the working group.

Steve Bruno stated that they need to fund a market analysis of certain Multi-Family sectors and will be developing an RFP for that.

John Harrity discussed the Single Family Residential Program and the Smart-E Loans. He questioned why there was no activity showing for the HES channel. He questioned if the contractors are letting the customers know about it. Ron Araujo stated that the contractors do mention the product as well as other products that are out in the market. He stated that volume is down on energy efficiency participation in the market. He stated that customers that were recommended for additional measures are now deferring work. He stated that the financing products are very well integrated within the vendor community.

John Harrity questioned why the website does not reflect the Smart-E Loan Program. Diane Duva demonstrated the EnergizeCT.com site and financing options. Kerry O'Neill stated that it has been a challenge getting Capital for Change's website updated for Smart-E due to the merger. She stated that they are working with Capital for Change to correct this. She stated that this has been a very long and delayed process, but the merger is done. She stated that the website doesn't reflect the new brand or the new organization.

Ron Araujo discussed the Home Energy Solutions Program. He stated that every customer that participates in the Program gets a detailed report on what was done and what they recommend. He stated that Smart-E is within that report. Bryan Garcia stated that if the targets are down, the Residential team should adjust the

targets now rather than present to the Green Bank Board that they are missing the Smart-E target. It was agreed by the Joint Committee that the single family working group would revisit the Smart-E Loan goals and request a revision of those goals that would both be noted to the Joint Committee and then brought back to the Board of Directors of the Connecticut Green Bank for their review.

Bryan Garcia discussed the expectations to secure Green Bond Funds for the Smart-E Program to replace federal funds for loan loss reserves with Green Loan Guaranty Funds. There are still funds available for interest rate buy-downs to support the Smart-E Loan.

Ron Araujo discussed Solar PV compared with participation in Home Energy Solutions. He stated that participation was high in the first few years, and curtailed in 2015. He stated that about 15% overall are actually participating and doing at least one add on measure. He stated that typically they see customers install one add on measure who participated in HES.

Eric Brown questioned if there is any way to characterize the savings that people that did two add-ons versus one add on. Ron Araujo stated that it will vary by home.

John Harrity questioned if there has been any analysis done by contractor. Ron Araujo stated that they do find some vendors that have a higher degree of recommended add on measures. He stated that they are looking into that.

Ron Araujo stated that they are looking into recommending that the Green Bank use the Home Energy Score if the customer chooses not to take advantage of HES. He stated that Home Energy Score is free with HES, and is nationally recognized. He stated that there are three key components: the score, home facts, and recommendations. It is based on a numerical score, 1 – 10, 10 being the best. The score can be estimated with the improvements recommended. The value is that you're leveraging something that's already in the market. Marissa Westbrook stated that this is a Department of Energy tool. She stated that contractor staff would need to go through a training process to be able to use the tool. As a result of the collaboration with the utilities, the Green Bank now allows the Home Energy Score as an option for the solar PV contractors to meet their energy audit requirement.

Eric Brown questioned what the relative cost is to the customer. Ron Araujo stated that there is a fee charged for the Home Energy Solutions assessment, that for BPI certified auditors it is free because it is covered by a third party firm (e.g., Solar City), and that the Home Energy Score may be a little more charge than HES

Bryan Garcia noted that the Green Bank has made great progress working collaboratively with the utilities. Not only is the Home Energy Score now an option for meeting the energy audit requirement for residential solar PV, but he suggested that they are working together to create a tiered program that requires Home Energy Solutions first, which would include the Home Energy Score, undertake the recommended "deeper" energy efficiency improvements, and then offer a slightly higher Solar PV incentive for doing so. He stated that it should get the contractors working closer on collaboration to support the public policy on grid modernization. He stated that having the Home Energy Score along with using satellite images on

rooftops allows them to target where to go on the grid to make clean energy improvements. Members of the Joint Committee expressed support and acknowledged the utilities and the Green Bank for identifying creative ways of working together.

John Harrity questioned if the score is done, does it tell you the cost of the different add-ons. Ron Araujo stated that it estimates the savings from each measure, but does not provide a cost. Marissa Westbrook stated that the idea is to coordinate to reduce energy use as a whole for customers. She stated that they are proposing to pilot this as part of the 2017 Conservation and Load Management Plan update. The objective is to reduce the energy use and build on the success of the HES program.

b. C&I – Small, Medium, and Large Business

Steve Bruno discussed the Commercial Sector. He discussed the loans with municipalities and third party providers. Diane Duva stated that the Connecticut Green Bank is working on paperwork for Green Bonds. She discussed the Department of Corrections project moving forward.

Donna Wells discussed the Small Business Sector. She stated that they have been working together with the Connecticut Green Bank. They have been talking about processes and that a lot of that discussion has been geared towards financing. She stated that they continue to discuss processes for promoting projects.

Eric Brown asked if that coordination is continuing once they have someone interested. Mackey Dykes stated that they are doing calls together and that it is getting better, but they do continue to work on that.

Eric Brown questioned if the vendors are familiar enough with the process, and if the vendor is the person of contact for the customer. Mackey Dykes stated that most contact is through the contractor. He stated that the contractor is able to walk the customer through the process.

Donna Wells discussed the Medium/Large Sector, stating that they are working jointly on the completion of a nursing home project. She explained that they just pushed out the timeline a bit, but that they will continue to work together and have that as a goal. She stated that they need to continue to work together to understand the processes of one another.

Mackey Dykes stated that they are gaining a much better understanding. He stated that when they see C-PACE projects come through that are more appropriate for the SBEA financing program, they now recognize that and steer customers towards the SBEA Program.

Donna Wells discussed utilizing Box.com. She stated that it is a useful tool for everyone involved.

Mackey Dykes discussed the collaborations on financing. He provided an overview of SBEA. He stated that SBEA has a financing offering a 0%, up to four-year loan for

Small Businesses and also to Municipal and State Projects. The capital is currently provided by the utilities and then bought down to 0% by CEEF funds. He stated that the utility cost of capital changes, but that they are in the high single digits to low double digits. He stated that by replacing the utility capital with lower cost private capital, they can reduce the amount of ratepayer funds spent on buy-downs and expand the pool of funds available to lend.

He stated that the goal is to create a SBEA LLC to become the funder of the SBEA loans. The new structure will maintain the customer-facing features the program such as the rate and terms as well as repayment being on bill. The loans would be underwritten and originated by the utilities. The source of funding would be a mix of Connecticut Green Bank funding, as well as banks and other lenders. He stated that this is an attractive structure from a customer perspective. He stated that it allows the program to scale and be cheaper for rate payers. He stated that they are working closely with the utilities in taking the existing processes and working them into the new program. He stated that they want to make sure that when they shift this from the utility balance sheet that all of the credit enhancements, the interest rate buy-down and loan loss guaranty, will transfer. He stated that the goal is to begin funding loans from the LLC in January 2017.

John Harrity questioned if the Federal Reserve raised interest rates, if that would impact this. Mackey Dykes stated that he's not sure how much it would affect this. He stated that from a customer perspective, they're getting a 0% loan. He stated the cost of the private capital would likely rise but that it's still cheaper than the utility cost of capital, would be likely to increase in a higher interest rate environment as well.

Chris Cramer questioned if there is a cost built in for servicing and managing the LLC. Mackey Dykes stated that the servicing is done by the utilities through the on bill collections. CGB will have an administrative fee as well. He stated that they are still working out the exact cost but it would be included in the final proposal.

Eric Brown questioned what the timing is to get this up and running. Mackey Dykes stated that they would like to begin funding loans out of the new structure by January 2017.

c. Government

Diane Duva stated that the Connecticut Green Bank is putting agreements in place with Bank of America and the Department of Corrections to put large scale financing into place. She stated that they will have a model to get additional projects.

Bryan Garcia stated that they have to prove how to get a bond or capital lease structure that's lower than the state's cost of financing.

6. Planning for Next Meeting

a. Approval of 2017 Joint Committee Meeting Schedule

Eric Brown discussed the meeting schedule. Norma Glover made a motion to adopt the schedule as stated, with the note that the locations may change. Amanda Fargo-Johnson seconded the motion.

Bryan Garcia suggested the addition of a Legislative agenda item to the meeting.

John Harrity questioned when the Comprehensive Energy Strategy and the GC3 Reports come out. Eric Brown stated that they should be out by the end of the year. John Harrity suggested that they leave room to discuss those. Eric Brown stated that they will allocate enough time.

Bryan Garcia provided an update on a forum that the Connecticut Green bank held at Yale. On 9/22/2016 the US Green Bank Act was released in the Senate by Senator Murphy with co-sponsor Senator Blumenthal. He stated that it's a federal approach towards supporting investments in clean energy. He stated that the state will determine how those funds will be used. He stated that a large geography of applicants can apply from local counties to states to regions.

Chris Kramer questioned the 20% match for the Bill. Bryan Garcia stated that capitalization has always been a question for Green Banks. He stated that it requires a 20/80 position of state to federal contribution. He gave the example of Montgomery County which through a utility merger is likely to capitalize a \$20 million county green bank. He stated that the federal government would contribute \$80 million on top of the \$20 million for a \$100 million pool of resources as an example that would be used to leverage and attract private investment. Chris Kramer questioned if it would just be rate payer money going to the Green Bank or if ratepayer funds going to the utilities could be used as part of that state leverage. Bryan Garcia stated that the Bill was unclear on this point, but that it is very flexible and that the Treasury, through its governance and then staff, has to set up the processes and procedures. Eric Brown requested that an update be provided in January regarding the Bill.

7. **Adjourn**

Upon a motion made by John Harrity, and seconded by Diane Duva, the meeting was adjourned at 3:30 p.m.

Respectfully submitted,

Eric Brown, Chairperson