- available for eligible efficiency improvements (both electric and gas measures) including lighting upgrades, HVAC, refrigeration, and gas-saving measures.[1]

SBEA Loan Underwriting

	Eversource	**UI**
Bill Payment History	No more than 4 late payments in 12-month period, or 2 in 6-month period	
Account History	Must have an electric account and been in business for at least 1 year	Must have an electric account and been in business for at least six months, though may require at least 1 year
Credit Check	N/A	Loans over $45,000 require credit check; financing approved if credit deemed 'low risk'
Other	Must be current on electric bill and must not have any special payment arrangements	

Loan Collections Process

SBEA loans are repaid on the utility bill with loan payment included as a separate line item. In the event that the amount paid for a given utility bill does not fully cover both the electricity and the loan, then payment is applied to electricity first and then loan.

In the event of non-payment the collections process is as follows:

- Eversource:

Action	**Timing**
Customer receives phone call	60 days past due
Customer receives delinquency letter	90 days past due
Account details sent to collection agent	120 days past due
Loan is written off and losses recovered via CEEF	150 days past due

[1] A non-exhaustive list of eligible efficiency measures is available in Exhibit A.

- UI:

Action		Timing
Account receives shut-off notice		Utility bill 33 days past due
Account sent to UI commercial representative to follow-up.	If paid, no further action	60 days past due
	If unpaid after second follow-up attempt, the loan is removed and losses recovered via CEEF.	Any time after 60 days past due
If customer moves with unpaid balance greater than $25, account sent to a third-party collection agency. The loan is included but if deemed uncollectible, it is removed and recovered through CEEF.		45 days after move out date

While non-payment of the loan will result in special collection measures, non-payment of the loan will not result in termination of electric service unless the borrower/customer, at the same time, does not make full payment for electric service. From the perspective of respondents to this RFP, such non-payment (following the write-off process noted above) ultimately results in full recovery of principal from the CEEF via the applicable Utility.

III. THE CONNECTICUT ENERGY EFFICIENCY FUND

In 1998, the Connecticut General Assembly passed Public Act 98-28 which created the Connecticut Energy Efficiency Fund. Every three years the Utilities submit to the Department of Energy and Environmental Protection (DEEP) for approval and subsequently to the Public Utilities Regulatory Authority ("PURA"), for funding the Conservation and Load Management Plan ("C&LM Plan") in accordance with Connecticut General Statutes §16-245m. The C&LM Plan outlines their implementation plan for cost-effective electric and natural gas energy-efficiency programs and market transformation initiatives using CEEF funds. The C&LM Plan and CEEF spending is reviewed before submittal to DEEP by the Energy Efficiency Board ("EEB") which is an appointed group of 15 members from public and private entities.[2] Utilities are thus incented, via regulatory oversight, to optimize the deployment of energy efficiency measures in their given service territories.

The C&LM Plan provides, in part, for certain credit enhancements and support to the SBEA Program from CEEF funding. CEEF is funded by: (1) a 3 mill rate charge on electricity rate payers in Connecticut, (2) the Conservation Adjustment Mechanism ("CAM", an additional charge from both electric and gas customers), (3) funds from the Regional Greenhouse Gas Initiative ("RGGI"), and (4) funds from the Independent System Operator New England's ("ISO-NE") forward capacity market. The estimated CEEF budget for 2016 through 2018 is illustrated in Figure 1 below.

[2] Details on the current EEB can be found here: http://www.energizect.com/connecticut-energy-efficiency-board/about-energy-efficiency-board/meet-energy-efficiency-board

Figure 1: 2016-2018 CEEF Budget from both Electric and Natural Gas Revenue Sources[3]

	2016 ES CT Electric Revenues	2016 UI Revenues	2016 Combined Total	2017 ES CT Electric Revenues	2017 UI Revenues	2017 Combined Total	2018 ES CT Electric Revenues	2018 UI Revenues	2018 Combined Total
Collections (Mill Rate)	$66.7	$15.9	$82.6	$66.8	$15.7	$82.5	$65.8	$15.5	$81.4
ISO New England	$9.7	$2.7	$12.4	$20.2	$5.2	$25.4	$20.4	$4.5	$24.9
RGGI	$16.7	$4.2	$20.8	$17.1	$4.3	$21.4	$17.5	$4.4	$21.9
CAM (Net of Gross Receipts Tax)	$62.0	$14.8	$76.9	$62.1	$14.6	$76.7	$61.2	$14.5	$75.7
TOTAL (Energy Efficiency Revenues)	**$155.1**	**$37.6**	**$192.7**	**$166.2**	**$39.8**	**$206.0**	**$164.9**	**$39.0**	**$203.9**

* In millions.

Natural Gas Energy Efficiency Revenues	2016 Conservation Adjustment Mechanism	2017 Conservation Adjustment Mechanism	2018 Conservation Adjustment Mechanism
Eversource CT Gas Revenues	$20.4	$24.2	$26.9
Connecticut Natural Gas Revenues	$15.9	$16.6	$17.3
Southern Connecticut Gas Revenues	$11.4	$14.1	$14.7
Total Energy-Efficiency Revenues	**$47.7**	**$54.9**	**$59.0**

* In millions.

Within the SBEA Program, CEEF funds are currently being used for:

- loan loss reimbursement of all losses incurred from SBEA loans;
- interest rate buy-down from Utility's cost of capital to 0% so SBEA customers face interest-free loans; and
- recovery of utility administrative expenses.

CEEF is a "virtual" fund which sits on the Utilities' balance sheets, allocated to specific programs as per the approved C&LM Plan.

From 2013 through 2015, the Utilities used an average of approximately $162,000 per year of CEEF funds for reimbursement of loan losses. Over this time period they also received an average of $2.8m per year for the interest rate buy-down. The CEEF funding used for the SBEA program is a small percentage of the overall size of CEEF which averaged approximately $230 million per year over this same time period from its funding sources.[4]

[3] Source: 2016-2018 Conservation & Load Management Plan, available at http://www.ct.gov/deep/lib/deep/energy/conserloadmgmt/2016_2018_CLM_PLAN_FINAL.pdf

[4] Source: 2013-2015 Conservation & Load Management Plan available at: http://www.energizect.com/sites/default/files/2013_2015_CLM%20PLAN_11_01_12_FINAL.pdf

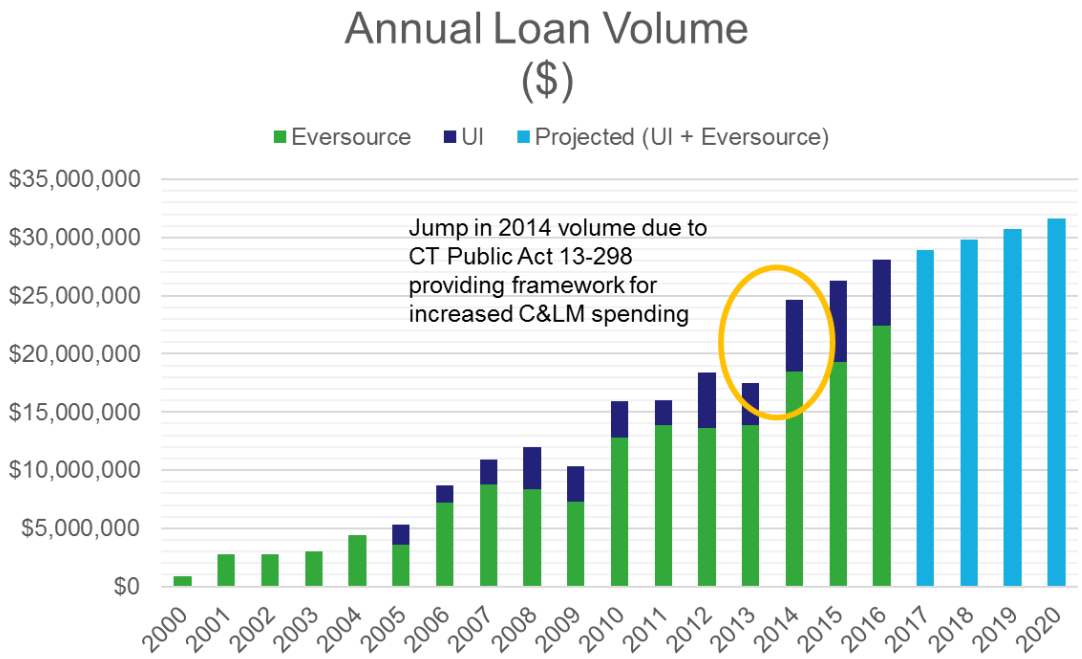
IV. THE FINANCING OPPORTUNITY

SBEA loans have historically been financed using the Utilities' balance sheets. The Green Bank is undertaking this RFP to explore new options for funding the SBEA program with private capital, and in doing so, to source the lowest cost of capital funding possible to help meet the objectives of the C&LM Plan.

The Green Bank initially proposes funding the SBEA program with a combination of Green Bank capital, private capital, and commercial paper or another capital markets instrument, collateralized by a portfolio of performing energy efficiency loans issued under the SBEA Program.[5] The Green Bank is open to other options or combinations of financing as well, giving strong consideration to responses that (1) minimize the overall cost of capital available for SBEA loans and (2) can provide a clear path to additional capital resources to help expand loan volumes in the future.

Annual loan volumes have averaged approximately $25 million across the two Utilities since 2014, and have reached a point of constraint in which capital allocated by the Utilities for the SBEA Program is not keeping pace with demand in the market for the loans given the increased allowance for loans starting in 2014. Figure 2 below shows historical and projected loan volumes out to 2020, assuming 3% year-on-year growth from 2016 to 2020.

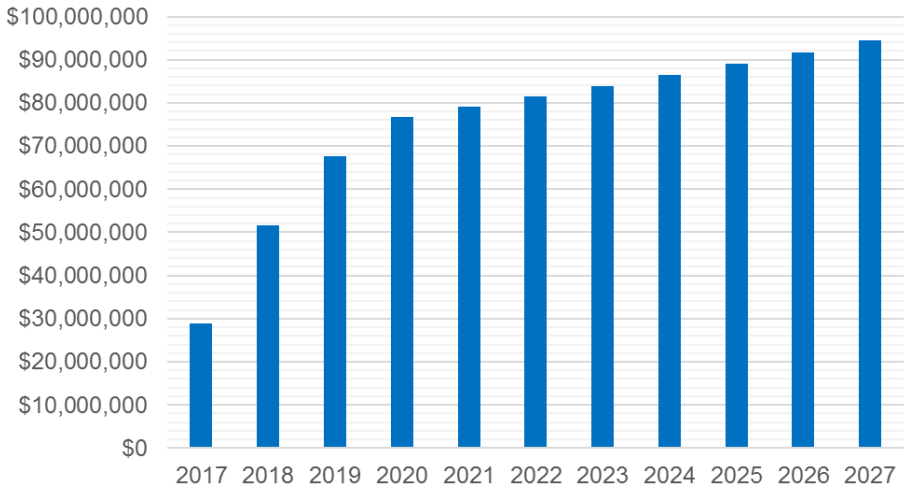
Figure 2: Annual Loan Volumes for both Utilities ($)



In terms of sizing the total SBEA facility capital requirements, assuming 3% year-on-year growth and 4-year loan tenor for all newly originated loans, the SBEA loan facility could reach around $75 million in average balances outstanding in 2020 and over $80 million by 2022 (see Figure 3 below).

[5] Collateral will include newly originated loans from SBEA LLC, not the existing pool of SBEA loans originated using Utilities' balance sheets.

Figure 3: Estimated SBEA Loan Balances Outstanding ($)

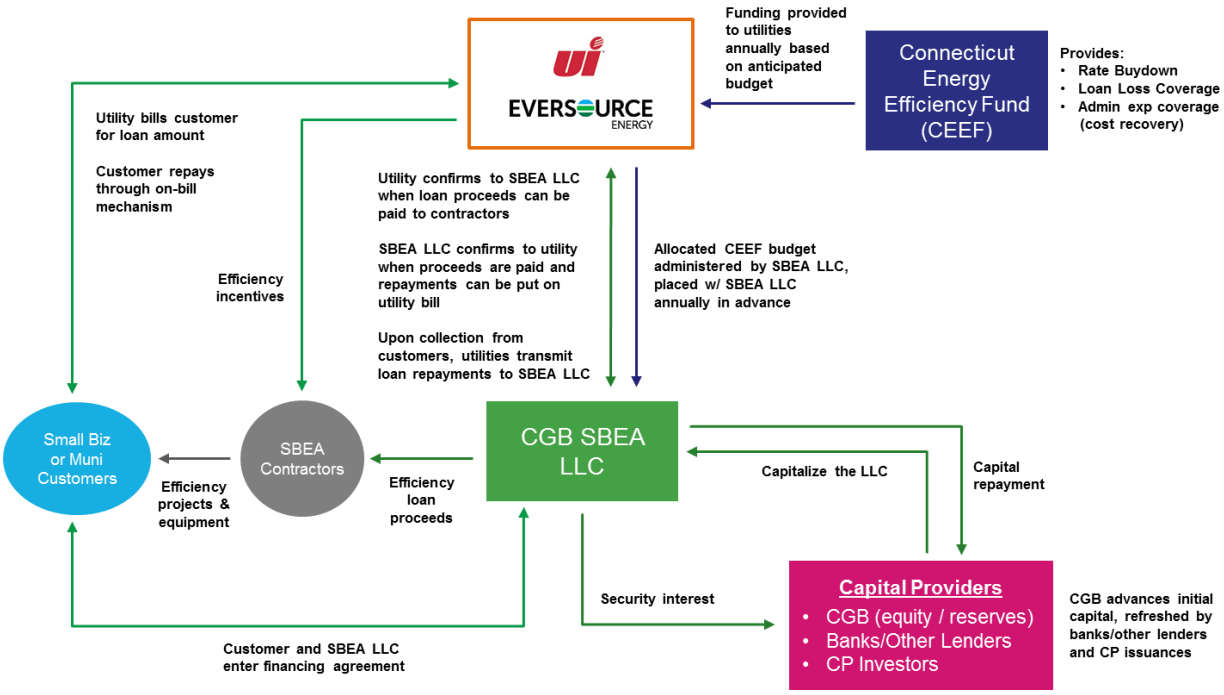


Additional detail on historical monthly and annual loan volume, annual CEEF loan loss reimbursement and interest rate buy-down amounts, and detail on loan term is available. Please email RFP@ctgreenbank.com to request the dataset in excel format.

Potential Funding Structure

The schematic below explains a potential overall structure of the SBEA Program post-recapitalization. This potential structure also results in program loans being off balance sheet for the Utilities and on the balance sheet of the potential LLC – a yet to be formed subsidiary of the Green Bank (at the present time all SBEA program loans are carried on the balance sheet of the Utilities). Respondents are welcome to propose alternate structures that accomplish the goals of lowering costs and enabling expanded volume without impairing origination and servicing processes.

Note, as mentioned previously, the CEEF is a “virtual” fund, the proceeds of which (described above) are identified as a separate account on the Utilities’ balance sheets. While CEEF remains part of the Utilities’ aggregate cash resource, robust accounting measures are in place to track CEEF revenues and expenditures by account, including accounting for SBEA Program elements.



Role of the Green Bank Under Above Potential Structure

Green Bank intends to:

- own and manage SBEA LLC, which will be set up for the sole purpose of being the "loan provider" and counterparty to the loan agreements entered into by the customers of the Utilities participating in the SBEA Program;
- initially capitalize SBEA LLC to provide a seamless transition to non-Utility capital starting January 1, 2017, with the intention that private sector capital can start providing capital in Q2 2017; and
- provide liquidity through SBEA LLC in the event that (1) the annual CEEF budget allocated for loan losses and/or interest rate buy-downs is fully used sooner than Utilities can reallocate capital internally, and/or (2) there is an unforeseen delay in Utilities' transferring scheduled loan repayments to SBEA LLC.

Procedures Under Potential New Fund Structure

Given that the objective of this recapilization is to source the lowest cost of capital possible while retaining similar project origination and servicing processes, the Utilities will continue to manage the programs and processes related to contractor recruitment and selection as well as review and approval of projects submitted by contractors to determine eligibility for utility incentives and financing through SBEA. The Utilities will also manage the customer on-bill repayment process for SBEA loans and serve as the conduit through which CEEF funding allocated to cover costs related to interest rate buy-downs, loan losses, and administrative cost recovery is transmitted to the SBEA LLC.

The key steps and role of involved parties for project origination, development, approval, funding and repayment in the proposed recapitalized SBEA program are summarized below:

1) Contractor creates project lead and submits to Utility
2) Utility reviews the proposal, determines eligibility for financing, and notifies the contractor accordingly.
3) Following approval, contractor creates proposal for installation of energy efficiency measures
4) Utility reviews proposal, calculates incentives, and notifies the contractor (project is approved to share with customer) and SBEA LLC (for capital need forecasting purposes)
5) Contractor shares approved project with customer for review
6) Contractor updates Utility tracking and reporting system to include all project information
7) Customer receives project information and SBEA LLC financing agreement from contractor
8) Customer signs project proposal and financing agreement
9) Contractor again updates Utility tracking and reporting system to include details on project and approval
10) Contractor installs the project
11) Utility inspects the project
12) Utility processes the customer incentive payment to be paid to Contractor and notifies SBEA LLC to trigger disbursement of loan proceeds to Contractor
13) Contractor receives incentive payment from Utility and loan proceeds from SBEA LLC
14) SBEA LLC confirms to utility that loan funding is disbursed
15) Utility installs the loan on the customers billing account
16) Customer remits monthly loan payment to Utility via the electric bill
17) Utility periodically remits monthly loan repayments of all customers to SBEA LLC once received until loans are repaid in full or other steps taken in regards to the SBEA loans (such as default, collection servicing and recovery from the CEEF)
18) SBEA LLC receives payment from CEEF through the Utility to cover interest rate buy-down expenses, customer loan default, and the LLC's administrative costs
19) SBEA LLC repays Capital Providers using the proceeds received under items #17 and #18 above as supplemented by the funds of SBEA LLC to deal with timing differences (e.g., the time to process loan loss recoveries from the CEEF facility or excess losses to be recovered in the following budget year)

V. BACKGROUND OF KEY PLAYERS

Connecticut Green Bank

- Quasi-public organization – created by PA 11-80 and successor to the Connecticut Clean Energy Fund
- Focus – finance clean energy (i.e. renewable energy, energy efficiency, waste-to-energy, microgrids, and alternative fuel vehicles)
- Balance Sheet – $177 million in assets (June 30, 2016 annual report)
- Support – supported by a $0.001/kWh surcharge on electric ratepayer bills that provides approximately $27-30 MM a year for investments, RGGI about $5 MM a year, federal competitive solicitations (i.e. SunShot Initiative) and non-competitive resources (i.e.

ARRA-SEP), private capital, etc., and portfolio income from loans and investments of $2-3m a year.

The Green Bank has been actively involved in program design and management involving public and private capital since 2012.

Program	Green Bank Role	Experience & Capabilities
CT Solar Loan	• Loan loss reserve • Subordinate debt	• Program structuring • SPE set-up and management • Attracting private capital • Contractor qualification
CT Solar Lease I CT Solar Lease II	• Construction capital • Sponsor equity • Subordinate debt • Loan loss reserve • Aggregator • Asset manager	• Tax equity fund structure set-up • Managing an SPE & developer hold co • Attracting private capital • Contractor qualification • Developer services
Commercial Property Assessed Clean Energy (C-PACE)	• Underwriter • Subordinate debt • Aggregator	• Statewide administrator of C-PACE • Set-up and administration of $100m private capital warehouse facility • SPE set-up and management
Residential Solar Investment Program (RSIP)	• Statewide administrator and facilitator	• Administering performance based incentives • Monetizing RECs • Coordinating financing

Eversource

- New England's largest energy delivery company, with over 3.6m electric and natural gas customers in CT, MA, and NH. In CT it services more than 1.2m customers across 149 towns with electricity, and provides natural gas to approx. 200,000 customers in 71 towns.
- Formed in 1966 with the merger of Connecticut Light & Power (established1917), Western Massachusetts Electric Company (formed 1886), and the Hartford Electric Light Company (formed 1878).
- Credit rating: A (S&P); Baa1 (Moody's)

United Illuminating (Avangrid, Inc.)

- The United Illuminating Company, established in 1899, is engaged in the purchase, transmission, distribution and sale of electricity and related services to approximately

328,000 residential, commercial and industrial customers in the greater New Haven and Bridgeport areas of Connecticut. UI is a subsidiary of Avangrid, Inc. (NYSE: AGR).

- UI's service territory includes 17 Connecticut towns and cities in an area totaling 335 square miles along or near the southeastern shoreline of Long Island Sound.
- Avangrid, Inc. is a diversified energy and utility company with more than $30 billion in assets and operations in 25 states. The company operates regulated utilities and electricity generation through two primary lines of business. Avangrid Networks includes eight electric (including UI) and natural gas utilities, serving 3.1 million customers in New York and New England. Avangrid Renewables operates 6.3 gigawatts of electricity capacity, primarily through wind power, across the United States. Avangrid employs 7,000 people.
- Credit rating (Avangrid): BBB+ (S&P); Baa1 (Moody's)

VI. REQUIREMENTS & SELECTION CRITERIA

The goal of this RFP is to facilitate a competitive selection process that satisfies the following criteria with respect to the SBEA financing facility, which are in alignment with Green Bank's overall goals and objectives:

- **Cost of capital – provide the lowest cost capital possible into the facility while still meeting the goals of the C&LM Plan, particularly the implementation of cost-effective energy efficiency programs and market transformation initiatives to optimize the deployment of energy efficiency measures**
- **Scalability – ability to provide capital for full loan volumes as facility grows in volume over time (i.e. avoid capital constraints for the program)**
- **Flexibility/creativity in capital solution and ability to play multiple roles in the solution (i.e., capital provider, letter of credit/backstop provider for a commercial paper or capital markets note issuance facility, underwriter of a capital markets solution)**

Proposal Response

Respondents are to propose a solution that addresses the needs of this program as described above. To assist the Green Bank in evaluating proposals composed of potentially varying financing structures, include the following in your proposed solution:

1.) **Explanation of any demonstrated experience, expertise, and/or appetite for such a project**
2.) **Capital structure and flow diagram that clearly identifies which players, including or excluding the Green Bank, are contemplated to play which roles in the structure (if flexibility in capital structure exists, multiple options may be presented)**

3.) **Written description of the role(s) the respondent is interested in providing, along with existing relationship with proposed third-party partners**
4.) **Total investment amount, broken out by type of investment if respondent is providing multiple types of capital**
5.) **Expected cost of capital, expressed as an absolute interest rate, range of interest rates, spread over an index, as well as confidence in attaining such costs of capital**
6.) **Any and all fees**

Submission Process
Each respondent shall carefully examine this RFP and any and all amendments, exhibits, revisions, and other data and materials provided with respect to this RFP process. Respondents should familiarize themselves with all proposal requirements prior to submitting their proposal. Should the respondent note any discrepancies, require clarifications or wish to request interpretations of any kind, the respondent shall submit a written request electronically to RFP@ctgreenbank.com. The Green Bank shall respond to such written requests in kind and may, if it so determines, disseminate such written responses to other prospective respondents.

The following requirements must be observed for all proposals:

a. Proposals must be received no later than **5:00pm Eastern Time on November 28, 2016**. Proposals received after the aforementioned date and time will not be considered.

b. Proposals must be submitted electronically at the following email address: RFP@ctgreenbank.com. The subject line should be identified as: "Proposal for SBEA LLC Capitalization".

c. The Green Bank reserves the right to request an interview, supplemental information, and/or clarification from respondents as deemed necessary.

d. Key Dates

i. RFP Release: November 14, 2016

ii. Respondent Q&A Session*: November 18, 2016, 3:15pm Eastern Time
**Register here:* Q&A Registration Link
iii. Q&A Summary Published: November 22, 2016

iv. RFP Submission Deadline: **5:00pm Eastern Time on November 28, 2016**

VII. GENERAL TERMS AND CONDITIONS

Submission of any proposal assumes the acceptance of the following understandings:

1. The purpose of this RFP is to solicit scalable and lower cost sources of capital to fund loans made through the Small Business Energy Advantage program run by the Utilities. Proposals are being solicited by the Green Bank to be evaluated together with the Utilities and the Energy Efficiency Board. As such, the Green Bank reserves the unconditional right to (i.) reject any or all of the proposals received in response to the RFP, and/or (ii.) waive any irregularities, cancel, or modify the RFP in any way, and at any time the Green Bank chooses, if (a) the proposed responses are determined to be not in the best interest of the Green Bank, the Utilities, or the CT Energy Efficiency Fund, or (b) the proposals are unlikely to obtain the requisite regulatory support or approvals necessary for implementation.

2. The Green Bank further reserves the right to make awards under this RFP without discussion with the respondents of the proposals received. Proposals should be submitted on the most favorable terms with respect to the criteria stated in this RFP. The Green Bank reserves the right not to accept the lowest priced proposal.

3. Proposals must be signed by an authorized officer of the respondent. Proposals must also provide name, title, address and telephone number for individuals with authority to negotiate and contractually bind respondent, and for those who may be contacted for the purpose of clarifying or supporting the information provided in the proposal.

4. The Green Bank will not be responsible for any expenses incurred by any respondent in conjunction with the preparation, submission or presentation of any proposal with respect to this RFP.

5. The Green Bank's selection of a proposal through this RFP is not a contractually binding offer to the selected respondent, and the Green Bank reserves the right to continue negotiations with the selected respondent(s) until the parties reach a mutual agreement.

   THE GREEN BANK IS SUBJECT TO THE REQUIREMENTS OUTLINED IN SECTION 16-245n OF THE CONNECTICUT GENERAL STATUTES. GREEN BANK SHALL HAVE NO LIABILITY OR OBLIGATION OF ANY SORT HEREUNDER, INCLUDING, WITHOUT LIMITATION, IF FOR ANY REASON OR NO REASON A BINDING AGREEMENT IS NOT ENTERED INTO WITH ANY PROPOSER. IN MAKING ITS SELECTION OF A SUCCESSFUL PROPOSAL, THE GREEN BANK MAY CONSIDER ANY AND ALL FACTORS AND CONSIDERATIONS WHICH GREEN BANK, IN ITS SOLE DISCRETION, DEEMS RELEVANT, THE RELATIVE IMPORTANCE OF WHICH SHALL BE IN THE SOLE DISCRETION OF THE GREEN BANK.

Exhibit A

Eligible Energy Efficiency/Energy-Saving Measures

(Non-exhaustive)

Lighting – interior/exterior

- High-performance lighting
- Induction and LED lighting
- Occupancy sensors
- Photocells

Heating/ventilation/air conditioning

- Energy-efficient equipment upgrades
- Programmable thermostats
- Energy management systems

Refrigeration

- Anti-condensation door heater controls
- Evaporator fan controls
- Night covers
- Electronically commutated motors
- Energy-efficient kitchen equipment

Natural gas-saving equipment

- Spray nozzles
- Showerheads
- Aerators
- Programmable thermostats
- Pipe and duct insulation
- Energy management systems
- Indoor boiler reset controls
- Heating equipment
- Water heating equipment
- Kitchen equipment
- Infrared space heaters
- Envelope measures

Other improvements

- Air compressors
- Variable frequency drives
- Premium-efficiency motors
- Custom measures