

**CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY**  
**Board of Directors**  
**Minutes – Regular Meeting**  
**Friday, March 16, 2012**

A regular meeting of the Board of Directors of the **Clean Energy Finance and Investment Authority (the “CEFIA”)** was held on March 16, 2012, at the office of CEFIA, 865 Brook Street, Rocky Hill, CT.

1. **Call to Order:** Catherine Smith, Chairperson of CEFIA, called the meeting to order at 9:05 a.m. Board members participating: Mun Choi; Mark Cirilli; Daniel Esty, Vice Chairperson of CEFIA and Commissioner of the Department of Energy and Environmental Protection; Norma Glover; Jonathan Harris, State Treasurer’s Office; Reed Hundt (by phone); John Olsen; Matthew Ranelli; Catherine Smith, Chairperson of CEFIA and Commissioner of the Department of Economic and Community Development.

Member Absent: Patricia Wrice.

Staff Attending: Jocelyn Anastasiou, Christin Cifaldi, Mackey Dykes, Brian Farnen, Keith Frame, Bryan Garcia, David Goldberg, Dale Hedman, Dave Ljungquist, Shelly Mondo, Cheryl Samuels, and Bob Wall.

Others Attending: Jessica Bailey, the Rockefeller Brothers Fund; Chris Bernard, Northeast Utilities; Peggy Diaz, Department of Energy and Environmental Protection; Katie Dykes, Department of Energy and Environmental Protection; Richard Dzindul, Pemberton Renewables, Dot Kelly, Shearwater Design; Donald Kirshbaum, State Treasurer’s Office; Carl Koch, Alternative Energy Outlet; Bob Lamb, Lamont Financial Services; Henry Link, EnviroEnergy; Stephen Possidento, PTE Energy; Richard Shaw, UTC Power; Peter Tavino; Shinu Thomas, PTE Energy; Michael Trahan, Solar Connecticut;

2. **Public Comments:**

Peter Tavino, a geothermal installer, read a prepared statement regarding the Geothermal program.

3. **Approval of Minutes of Meeting of February 14, 2012:**

Ms. Smith asked the Board to consider the minutes from the February 14, 2012 meeting. Mr. Harris asked that the spelling of his name be corrected throughout the minutes.

**Upon a motion made by Mr. Esty, seconded by Mr. Olsen, the Board members voted unanimously in favor of adopting the minutes from the February 14, 2012 meeting as corrected.**

#### **4. Update from the President:**

Mr. Garcia reported on the statewide clean energy, branding, marketing and outreach campaign. He mentioned that CEFIA is working with the Clean Energy Efficiency Fund and the Department of Energy and Environmental Protection (“DEEP”) to administer the Request for Proposals and selection process. He commended Bob Wall, John Murphy and Gladys Rivera for their support of the RFP process. Mr. Garcia mentioned that Jocelyn Anastasiou will be leaving CEFIA, and he acknowledged her work and dedication. She will be taking up formal education and workforce development programs at UI. He provided an update on the search for an Executive Vice President and discussed the process to screen candidates. A concern was expressed with the proposed process of having staff screen the candidates and a suggestion was made to create a subcommittee of the Board to help with the process. Mr. Esty, Ms. Smith and Mr. Hundt were interested in helping Mr. Mackey and Mr. Garcia.

Mr. Garcia provided an update on CEFIA’s efforts to reach out to local banks. He mentioned that most of the banks visited were not aware of the clean energy efforts in Connecticut but are willing to learn more about investing in clean energy and co-investing in projects. Mr. Garcia stated that the banks are also interested in Community Reinvestment Act credits.

Mr. Garcia noted that a follow-up matchmaking forum will be held on May 3 to continue to talk about clean energy and ways to bring together developers and financiers to further Connecticut’s energy, environmental and economic development objectives.

Mr. Garcia mentioned that staff continues to focus on repurposing the ARRA funding for the Solar Thermal Program to ensure that the funding is spent by the April 30, 2012 deadline. He acknowledged and thanked DEEP and the Department of Energy for their assistance with repurposed the funds and getting contracts in place. He specifically thanked Ray Wilson, Sean Condon, and Ann Kerr for their support through this process. Mr. Esty urged staff to finalize the repurposing efforts in the next two weeks so that the transaction is completed in sufficiently in advance of the April 30 deadline.

Mr. Esty introduced Katie Dykes who was recently appointed as acting deputy commissioner at DEEP.

#### **5. Solar Thermal Program Status and Funding Request:**

Mr. Garcia mentioned the legislative leaders and installers have requested that CEFIA consider an extension of the Solar Thermal Program to deal with the existing pipeline of projects. Based on the feedback received, staff is recommending a 3-month extension of the Solar Thermal Program that was developed for the ARRA funding while staff develops a more substantive program. Mr. Ljungquist indicated that the proposed interim program would provide a smooth transition from the rebate-based program to a program that will lead to minimal grants and maximum reliance on financing. He

reviewed the history of the Solar Thermal Program developed for the ARRA funding. Mr. Ljungquist mentioned that under the ARRA-funded Solar Thermal Program 72 commercial projects were approved, and 207 residential projects were approved.

Mr. Ljungquist discussed the proposed interim 3-month solar thermal program to fund the projects in the pipeline. He noted that staff proposes an extension of the existing program with some significant revisions to the commercial rebate levels to address lessons learned. Mr. Ljungquist stated that staff recommends the same incentive levels for the applicants in the pipeline and the revised incentives for new applicants. Some concern was expressed by the Board that the incentive level proposed for the interim program for the commercial projects is too high. The Board discussed how to proceed to support the industry while not over-subsidizing the interim program. A suggestion was made to have the commercial process competitive, and there was general consensus that CEFIA should be moving from a subsidy model to a more competitive financing model.

There was consensus to authorize staff to proceed with funding the interim residential program for a total of \$300,000 and to amend the interim program for commercial projects so that the commercial projects in the pipeline have to compete for up to \$2,000,000 of funding rather than the recommended \$3,000,000.

**RESOLVED:**

- (1) that the Clean Energy Finance and Investment Authority (“CEFIA”) has determined that funding for a Solar Thermal Rebate Program (the “Program”), is consistent with CEFIA’s Comprehensive Plan and in the interests of the ratepayers, and that funding be approved for the Program in an amount not-to-exceed Two Million Three Hundred Thousand Dollars (\$2,300,000) consisting of up to \$300,000 for residential projects and up to \$2,000,000 for non-residential projects;
- (2) the President of CEFIA and any other duly authorized officer of CEFIA is authorized to execute and deliver, not later than March 30, 2012 for residential projects and April 30, 2012 for non-residential projects, any contract or other legal instrument necessary to implement this resolution on such terms and conditions as he or she shall deem to be in the interests of CEFIA and the ratepayers; and
- (3) that the proper CEFIA officers are authorized and empowered to do all other acts and execute and deliver all other documents as they shall deem necessary and desirable to effect the above-mentioned legal instrument.

**6. Residential Solar Investment Program—Update:**

Ms. Cifaldi provided an update on the Residential Solar PV Investment Program. She mentioned that the program was launched on Friday, March 2, 2012; and to date, 66

applications have been received, of which 61 have been approved and 5 require additional documentation or clarification. The total capacity of the 66 applications is 424.3kW<sub>STC</sub>. Ms. Cifaldi stated that as of March 15, 2012 no third-party companies have submitted performance-based incentive applications. Mr. Esty mentioned that he has received positive feedback on the launching of the program and expeditious approval process by CEFIA staff. Mr. Garcia indicated that all systems approved under the program are required to install monitoring systems so CEFIA may actively track real-time kWh production. He stated that staff has also begun to collect information about jobs for each residential PV project. After the data is collected, staff will prepare a jobs report for the Board to help understand the economic values of the projects and programs. In response to a question, Ms. Cifaldi stated that all contractors are required to have at least one full-time employee with an E-1 license or hire a subcontractor with an E-1 license. Staff was asked to report how many contractors have subcontractors with E-1 licenses.

Mr. Garcia explained the two different models under the program. He noted that while no performance based incentives have yet been requested or reserved, having the two models encourages competition. The Board asked for regular updates on the program.

#### **7. Budget Update:**

Mr. Esty mentioned that the Budget and Operations Committee (“Budget Committee”) met on March 14 and reviewed a preliminary comprehensive budget and cash flow projections for fiscal year 2012. He indicated that the Budget Committee asked staff to break out certain information for each of the 37 CEFIA programs. Mr. Esty noted the importance of the Budget Committee and Board understanding each of the programs, CEFIA’s priorities and how to allocate funding to each of the programs. The Board asked that an additional column be added to the financial statements to show the year-to-date budget. Mr. Esty mentioned that staff was also asked to develop a data management system that could provide daily, weekly, monthly and quarterly financial reports. In response to a question, Mr. Bellas stated that revenues and expenses are tracking budget projections. He noted however that the warmer than typical winter weather may impact ratepayer assessments. The Board members cautioned about spending more than revenues received each year even though there are unspent funds from previous years that can be carried forward.

Staff was encouraged to continue sharing administrative resources and staff with CI and to be as efficient as possible.

#### **8. Comprehensive Plan Discussion:**

Mr. Garcia noted that as a result of the change in focus for CEFIA to attract and deploy clean energy in Connecticut, some of its existing programs may fit better at another state agency, quasi-public agency or organization. He indicated that if current programs are inconsistent with CEFIA’s new direction, he will work with Mr. Dykes and the Budget Committee to ensure that the programs are transitioned to another organization or

phased out. In response to a question, Mr. Garcia briefly explained how CEFIA intends to comply with statutory requirements even with the phasing out of certain programs.

Mr. Garcia reviewed CEFIA's vision, mission and goals. A suggestion was made to include the words "cleaner and cheaper" energy in the goals. Mr. Garcia provided an overview of the Comprehensive Plan, explaining the programs that may no longer be necessary or are not statutorily required, the programs required by statute and the new programs that are focused on attracting and deploying capital to finance the deployment of clean energy. A discussion ensued on some of the projects in the pipeline. Since there is no Technology Committee, the Board asked the Deployment Committee, if it is in compliance with CEFIA's Bylaws, to review and consider the projects during the transition period.

Mr. Garcia discussed the steps envisioned to determine which programs should remain, which should be transitioned to another organization and which should be phased out. A discussion ensued on the importance of technology innovation in Connecticut and CEFIA focusing on financing clean energy deployment. Some concern was expressed with ensuring that the transition of any programs is done in a diplomatic manner. The Board urged staff to proceed cautiously and to report back with a recommendation on the transition process. Mr. Garcia indicated that staff will work with the Budget Committee to make any proposed changes and bring forward a recommendation for consideration by the Board at the May meeting. The Board asked staff to keep them informed on any transitional issues.

Mr. Garcia talked about the importance of having a special capital reserve fund for CEFIA. Mr. Lamb from Lamont Financial Services, CEFIA's financial advisor, elaborated and explained how the State Capital Reserve Fund ("SCRF") is a potential tool available to CEFIA that could be used to lower the cost of capital for CEFIA. He explained that the SCRF can be used to act similar to a guarantee to investors and can help CEFIA achieve a better bond rating and borrow at lower rates in the capital markets. Mr. Lamb indicated that the Treasurer's office will be required to sign off on all CEFIA bond financings; and statutorily, CEFIA has the ability to issue up to \$100,000,000 of bonds. Mr. Lamb was asked to provide more information on the savings to CEFIA by utilizing the SCRF.

The Board discussed how to proceed with the Comprehensive Plan, and there was consensus to proceed with approving a preliminary Comprehensive Plan while acknowledging that revisions may be necessary.

**Upon a motion made by Mr. Harris, seconded by Mr. Olsen, the Board voted in favor of adopting the following resolution regarding the Comprehensive Plan (Mr. Ranelli was not present for the vote):**

**WHEREAS**, Section 99 of Public Act 11-80 "An Act Concerning the Establishment of the Department of Energy and Environmental Protection and Planning for Connecticut's Energy Future" (the "Act") directs the Clean Energy Finance and

Investment Authority (“CEFIA”) to develop a comprehensive plan to foster the growth, development and commercialization of clean energy sources, related enterprises and stimulate demand clean energy and deployment of clean energy sources that serve and use customers in this state;

**WHEREAS**, Section 99 of the Act directs CEFIA to support financing or other expenditures that promote investment in clean energy sources in accordance with a comprehensive plan;

**WHEREAS**, the Budget and Operations Committee will develop a program and operation budget to be recommended for approval by the Board of Directors for the approved Comprehensive Plan;

**NOW**, therefore, be it:

**RESOLVED**, that in accordance with the General Statutes of Connecticut Section 16-245n (d), the CEFIA Board of Directors approves the attached Comprehensive Plan for the implementation of clean energy programs and expenditures during the fiscal year 2013 through fiscal year 2015.

**RESOLVED**, that this action is consistent with Section 99 of the Act.

**RESOLVED**, that the proper CEFIA officers are authorized and empowered to do all other acts and execute and deliver all other documents as they shall deem necessary and desirable to effect this Resolution.

**9. Adjournment**: Upon a motion made by Mr. Olsen, seconded by Mr. Harris, the Board members voted unanimously in favor of adjourning the March 16, 2012 meeting at 11:12 a.m.

Respectfully submitted,

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Catherine Smith, Chairperson