

CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY
Board of Directors
Minutes – Special Meeting
Thursday, June 6, 2013

A special meeting of the Board of Directors of the **Clean Energy Finance and Investment Authority (the “CEFIA”)** was held on June 6, 2013, at the office of CEFIA, 845 Brook Street, Rocky Hill, CT.

1. **Call to Order:** The meeting was called to order at 9:11 a.m. without a quorum. Board members participating: Daniel Esty, Vice Chairperson of CEFIA and Commissioner of the Department of Energy and Environmental Protection (“DEEP”); Norma Glover; John Olsen (by phone); and Matthew Ranelli (by phone).

Members Absent: Mun Choi; Tom Flynn; Reed Hundt; Sharon Dixon-Peay; Catherine Smith and Patricia Wrice;

Staff Attending: Jessica Bailey, Joe Buonannata, Brian Farnen, Bryan Garcia, David Goldberg, Dale Hedman, Bert Hunter, Shelly Mondo, Kerry O’Neill, and Kimberly Stevenson.

Others Attending: Teddi Ezzo (by phone).

Mr. Garcia explained that the purpose of special meeting today and Monday, June 10, is discuss performance during fiscal year 2013 and how CEFIA is doing in comparison with the Comprehensive Plan which runs through calendar year 2014. Staff will provide presentations on the program performance, key metrics, lessons learned and quarterly targets for fiscal year 2014.

2. **Program Performance Reviews for FY2013:**

a. ***Statutory and Infrastructure Programs:***

Mr. Hedman explained that the statutory and infrastructure programs are required under Section 106 of Public Act 11-80 (Residential Solar Investment Program (“RSIP”) and the Combined Heat and Power and Anaerobic Digester Program under Section 103 of Public Act 11-80 (Anaerobic Digester and CHP Program). He summarized that based on the sector targets and goals for deployment through 2014, CEFIA is ahead of targets in all subsectors. Mr. Hedman noted the success with the RSIP. He explained the ratio for ratepayer or public capital at risk. He indicated that the ratio far exceeds the performance under the former Connecticut Clean Energy Fund.

In response to a question about the potential loss of funding, Mr. Garcia and Mr. Esty explained that the legislature passed a bill reallocating a portion of the Regional Greenhouse Gas Emissions funding to CEFIA for energy efficiency projects. Public Act 11-80 broadened CEFIA’s mandate to include financing efficiency projects in addition to

renewable energy projects. A discussion ensued on the importance of getting the message out to stakeholders that CEFIA's funding will not be reduced. Staff indicated that an e-mail will be sent to all of the stakeholders about the status of CEFIA funding and that a call will be held next week. Mr. Esty expressed his support of CEFIA and his intention to transfer excess funds from RGGI beyond amounts previously budgeted to CEFIA for energy efficiency financing. The Board cautioned that staff should not "over-promise." The written statement should be given to Mr. Olsen who will send it to other stakeholders. The Board discussed some of the important things accomplished during the legislative session with respect to clean energy and energy efficiency. Staff will send a list to the Board of all the legislation benefitting and impacting CEFIA.

Mr. Hedman discussed the key metrics for the statutory and infrastructure programs. He reviewed the kilowatt hours produced with ratepayer funds per dollar. Mr. Hedman noted that \$17,800,000 of ratepayer funds leveraged approximately \$98,800,000 of non-ratepayer funds. The Committee members were pleased with the amount of private funding that is being leveraged with CEFIA's funds. Mr. Hedman mentioned that approximately 33 percent of program investments are in loans and leases. He reviewed some of the lessons learned. A discussion ensued on the need to further reduce soft costs, and the Board asked staff how costs could be further reduced. In response, Mr. Garcia explained some of the efforts being made with respect to the Sunshot Initiative and to privatize and to adapt the initiative to other technologies.

Mr. Hedman reviewed the quarterly targets for the statutory and infrastructure programs. It was noted that with the expanded funding, it is anticipated that the targets will rise from 7 megawatts of installed capacity to 12 megawatts of installed capacity. Mr. Hedman explained that 7 megawatts is equivalent to approximately 1,000 installations which has been shown to stress internal processing (i.e. applications processing and inspections). He stated that an inspector training process is being developed to increase the inspector core before the ramp up of the program occurs as a result of financing programs coming online.

b. Residential Sector Programs:

Ms. O'Neill discussed the program performance for fiscal year 2013 for the residential programs (Smart-E and Cozy loans, Solar Lease, and Solar Loan). She spoke about the success with attracting private capital. Ms. O'Neill discussed the key metrics noting that ratepayer funds of \$15,510,000 have leveraged about \$73,300,000 of non-ratepayer funds. The Board attributed the success to the design of the financing structure of the program. Ms. O'Neill talked about some of the lessons learned. A discussion ensued on the low FICO scores. The Board noted the importance of having targets for diversifying the residents that are served, particularly the lower income residents. The Board indicated that core principles of the programs should be communicated to the banks. In response to a question, Mr. Hunter stated that banks could receive Community Reinvestment Act credit for CEFIA activity. The Board talked about targeting the different sectors and industry categories (i.e. faith based organizations, YMCAs, etc.). Staff mentioned that the Connecticut Housing Investment

Fund is currently assisting with borrowers with low FICO scores, and staff is reviewing long-term solutions for utilizing private capital for low FICO scores. Ms. O'Neill spoke about the targets for each of the product lines. In response to a question, staff explained the rationale for the report showing a reduction of activity in the fourth quarter. The Board expressed the desire to have a steady ramp-up and a suggestion was made to use a growth trajectory. Mr. Garcia mentioned that the budget will reflect the addition of staff necessary to help execute the programs, including a manager and an assistant. The Board emphasized the need to focus on execution.

c. *Institutional Sector Programs:*

Mr. Garcia provided a brief update on the institutional sector programs noting that these programs are at the nascent stage of implementation. CEFIA has just recently hired Andy Brydges as the Director of Institutional Programs to take over the management of these programs.

d. *Commercial and Industrial Sector Programs:*

Ms. Bailey summarized the Commercial Property Assessed Clean Energy ("C-PACE") program development, beginning with the passage of legislation in June 2012. She mentioned that the first C-PACE project closed in April 2013, and there are about 150 deals representing about \$51,000,000 in the pipeline. Ms. Bailey indicated that 56 percent or 76 transactions are progressing towards financing. She reviewed the breakdown of projects between energy efficiency upgrades, renewable energy systems and both. Ms. Bailey also reviewed the breakdown by building type. She discussed the program performance, key metrics and quarterly targets for fiscal year 2014. The Board asked for a breakdown of the results by category. Ms. Bailey reviewed some of the key challenges. The Board commended Ms. Bailey, Mr. Hunter and the CEFIA team for putting the program together quickly. The Board indicated the importance of establishing a pattern to reassure the public of the successes of the program. Mr. Garcia mentioned that the budget will reflect the addition of staff necessary to help execute the program, including an assistant.

3. Comprehensive Plan Review for Fiscal Year 2013

Mr. Garcia spoke about the ratepayer funds that were used to attract significant private capital. He mentioned that the fiscal year 2014 budget will emphasize marketing and outreach. Mr. Garcia provided an update on the programs being transitioned from CEFIA, noting that the transition has been completed for on-site distributed generation, technology innovation, workforce development and formal education programs. CEFIA staff has worked closely with CI on the transfer of the early stage technology innovation programs and with United Illuminating on the transfer of the education programs. Mr. Garcia discussed the revisions to the Clean Energy Communities Program to support the new direction of CEFIA with respect to deployment and financing.

Mr. Dykes discussed the outstanding commitments prior to July 1, 2012 in comparison with existing outstanding commitments. Mr. Garcia reviewed the budget process and

anticipated time frame to approve the 2014 fiscal year budget. A special Budget and Operations Committee meeting will be held on Tuesday, June 11, 2013, and all Board members are invited to attend.

4. **Adjournment:** Upon a motion made by Mr. Olsen, seconded by Mr. Ranelli, the Board members voted unanimously in favor of adjourning the June 6, 2013 meeting at 10:25 a.m.

Respectfully submitted,

Catherine Smith, Chairperson