

**CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY**  
**Board of Directors**  
**Minutes – Regular Meeting**  
**Friday, December 16, 2011**

A regular meeting of the Board of Directors of the **Clean Energy Finance and Investment Authority (“CEFIA”)** was held on December 16, 2011, at the office of CEFIA, 865 Brook Street, Rocky Hill, CT.

1. **Call to Order:** Catherine Smith, Chairperson of the Authority, called the meeting to order at 3:37 p.m. Board members participating: Mun Choi (by phone); Mark Cirilli (by phone); 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 (by phone); Matthew Ranelli; Catherine Smith, Commissioner of the Department of Economic and Community Development; and Patricia Wrice.

Staff Attending: George Bellas, Keith Frame, Brian Farnen, Bryan Garcia, David Goldberg (by phone), Dale Hedman, Dave Ljungquist, Shelly Mondo, Cheryl Samuels and Bob Wall.

Others Attending: Eric Brown, CBIA; Peggy Diaz, DEEP; and Henry Link, Enviro Energy Connections.

2. **Public Comments:** There were no public comments.

3. **Approval of Minutes of Meeting of November 21, 2011:**

Ms. Smith asked the Board to consider the minutes from the November 21, 2011 Board meeting.

**Upon a motion made by Mr. Esty, seconded by Ms. Glover, the Board members voted in favor of adopting the minutes from the November 21, 2011 meeting as presented (Mr. Harris was not present for the vote).**

4. **Update from the President:**

Mr. Garcia introduced Attorney Farnen, CEFIA’s general counsel. He noted that Attorney Farnen was one of 40 applicants. Mr. Garcia talked about Attorney Farnen’s background and experience. The Board members welcomed Attorney Farnen, and it was noted that Attorney Farnen administered the oath of office to Ms. Wrice as a member of the Board before the meeting.

Mr. Garcia reported that a ribbon cutting ceremony was held last week for the Fuel Cell Energy fuel cell installation at Carla’s Pasta in South Windsor. Also located in close

proximity is the fuel cell at South Windsor High School and UTC Power. Mr. Garcia mentioned that during the storm, the emergency shelter was open at the South Windsor High School that is powered by a UTC Power fuel cell. He also acknowledged Gladys Rivera for her work in securing Senator Blumenthal and Representatives Larson and Murphy for the fall 2012 Fuel Cell Summit.

Mr. Garcia provided an update on the American Recovery and Reinvestment Act projects. He mentioned that CEFIA is working closely with the Department of Energy and Environmental Protection (“DEEP”) on filing revised grant programs with the U.S. Department of Energy in January 2012. He acknowledged the hard work of Ray Wilson and Dennis Thibodeau from DEEP.

Mr. Garcia indicated that staff will continue to e-mail to the Board a summary and various communications about on-going CEFIA activities.

Mr. Garcia mentioned that CEFIA received a SunShot Innovation Grant in the amount of \$480,000 in round one from the U.S. Department of Energy (“DOE”) to be used to reduce non-hardware related costs for rooftop solar installations. Mr. Garcia stated that CEFIA is currently working with 11 towns and various other partners (i.e. United Illuminating, Connecticut Light and Power, Yale, UCONN, DEEP, Snugg Homes, and the New England Governors Conference) to help standardize interconnection, net metering and local permitting processes. A suggestion was made by Mr. Ranelli to also include the Planners’ Association in those discussions. Mr. Garcia mentioned that should CEFIA successfully complete round one then an additional \$1.6 million is available for round two expansion of the program across the state and throughout the region. He noted that staff will continue to apply for competitive federal grants. A suggestion was made to make an announcement about the grant funds through the Governor’s office. Mr. Garcia noted that CEFIA is already coordinating with the Governor’s office on a press release for the New Year. He also acknowledged David Goldberg for his work in coordinating the successful grant application to the DOE.

##### **5. Budget and Operations Committee Update:**

Mr. Esty, Chair of the Budget and Operations Committee (“Budget Committee”), mentioned that the Budget Committee met on December 12. The Budget Committee recommends the approval of the proposed Operating Procedures. Mr. Garcia stated that a notice of intent for the adoption of the Procedures was posted in the Connecticut Law Journal on October 25, 2011 and posted on CEFIA’s Website. Comments were received from UTC Power and CEFIA’s former legal counsel, Attorney Stone, who offered grammatical changes. The grammatical changes were incorporated into the draft. Mr. Garcia noted that an additional change was made to clarify the definition of “Clean Energy Project” in the proposed Operating Procedures. Since the definition is a clarifying change and not substantive, CEFIA has been advised by legal counsel that the additional change does not require further public notice or comments. Mr. Esty mentioned that energy efficiency is covered in the definition because of the reference to the Connecticut General Statutes.

**Upon a motion made by Ms. Glover, seconded by Mr. Hundt, the Board voted in favor of accepting the recommendation of the Budget Committee to adopt the Operating Procedures of the Clean Energy Finance and Investment Authority, including the clarifying language for “Clean Energy Project” (Mr. Harris was not present for the vote).**

Mr. Esty stated that the Budget Committee also recommends the approval of the Employee Handbook and other policies and practices. Mr. Garcia explained that per the bylaws one of the responsibilities of the Budget Committee is to recommend to the Board various employee policies, internal control procedures and operational practices. He stated that the proposed CEFIA Employee Handbook, policies and procedures are the same as CI, but reference to CI was changed to CEFIA. Mr. Garcia stated that as requested by the Budget Committee, the proposed Severance Policy has been modified to clarify that eligibility is based on continuous service at CEFIA or “another State of Connecticut quasi-public agency.” After further discussion, there was general consensus to amend the language further to include other state service rather than just quasi-public agency service as long as there isn’t a break in service. In response to a question, it was noted that the other quasi-public agencies have Severance Policies.

**Upon a motion made by Ms. Glover, seconded by Mr. Ranelli, the Board voted unanimously in favor of adopting the Severance Policy, as further amended in Section A. 1. as follows:**

- 1. Either a lump sum payment or continuation on the payroll or a combination thereof of six weeks, plus for each full six month period of continuous service at CEFIA or another State of Connecticut public or quasi-public agency, an additional week of salary based on the employee’s then current base salary, all subject to a maximum for each employee of 26 weeks;***

**Upon a motion made by Ms. Glover, seconded by Mr. Harris, the Board voted unanimously in favor of accepting the recommendation of the Budget Committee to approve the Employee Handbook and other policies and practices of the Clean Energy Finance and Investment Authority, including:**

- CEFIA 101—Purchasing and Accounts Payable
- CEFIA 102—Contracts
- CEFIA 103—Credit Cards
- CEFIA 104—Mobile Communications
- CEFIA 104A—Mobile Communications Pre-Approval Form

Mr. Garcia mentioned that the Budget Committee reviewed and recommends approval of amendments to the Connecticut Clean Energy Fund (“CCEF”) fiscal year 2012 budget. As a result of the reduction in the receipt of revenues from Regional Greenhouse Gas Emissions auctions, staff recommends reducing projected revenues for 2012 by 9 percent. Mr. Garcia explained that the first two auctions were significantly lower than projected. However, the last auction was closer to anticipated projections. Based on the CCEF operating budget for 2011, staff recommends reducing expenses by 6 percent. Mr. Garcia reviewed the recommended changes to expenses.

**Upon a motion made by Ms. Glover, seconded by Mr. Hundt, the Board voted unanimously in favor of accepting the recommendation**

**of the Budget Committee to approve the revisions to the FY 2012 Operating Budget of the Connecticut Clean Energy Fund to the FY 2012 Operating Budget of the Clean Energy Finance and Investment Authority.**

**6. Technology Innovations Program Update and Recommendations:**

Mr. Garcia noted that a presentation was made to the Board in November about Technology Innovations Programs. He mentioned that Section 99 of Public Act 11-80 indicates that CEFIA will fund emerging technologies that have significant potential for commercialization. Mr. Garcia stated that staff would like to continue discussions and obtain guidance from the Board on expectations regarding CEFIA's future with technology innovations.

Mr. Frame discussed innovation ecosystems in Connecticut. He discussed CEFIA's role through its Alpha and Operational Demonstration programs to identify emerging technologies with significant potential for commercialization for eventual government, industry, venture capital and angel investor funding. Mr. Frame talked about the funding gaps that exist for pre-commercial emerging technology and how CEFIA's programs help fill those funding gaps. He noted that CEFIA helps to reduce the technology risks so that the technology is more financeable to private investors. Mr. Frame discussed the applications received and those currently under review by staff for the Alpha, Operational Demonstration and other technology innovation programs. Mr. Garcia explained that the Technology Innovation Program has demonstrated extraordinary leveraging of CEFIA funding and provides a critical link from university research and development to entrepreneurs, investors and markets. In response to a question, Mr. Frame stated that funding is in the form of nonrecourse loans, payable upon commercial success.

There were varying opinions on the future role of CEFIA with respect to technology innovation and deployment. The Board discussed the importance of technology innovation in Connecticut and questions arose as to whether CEFIA is the appropriate agency to do that work. After a lengthy discussion on the issue, there was general consensus that there is not another agency presently filling this funding gap for clean energy innovation; and therefore, CEFIA should continue to play a role in technology innovation as long as there is no duplication of effort or expertise with any other state or quasi-public agencies in this regard or until such time where there is a more appropriate organization for the function. A suggestion was made to allocate 10 to 15 percent of CEFIA's funding to support technology innovation and/or to have the Technology Committee come back with recommended program funding levels. Some concerns were raised with being able to effectively execute two very different missions. Suggestions were made to contact the Coalition for Green Capital to work with them about the common theme of deployment. The Board discussed the importance of having separate matrices in place to measure success for innovation technology versus measuring the success for deployment efforts

A discussion ensued on forming clean energy technology hubs. Ms. Smith mentioned that CI will be soliciting input from the market on the creation of hubs, and it is possible to create ecosystem hubs focused on clean energy.

## **7. Residential Solar Investment Program Update and Recommendations:**

Mr. Garcia talked about Section 106 of Public Act 11-80. He noted that the requirement under the act is to create at least 30 megawatts of new residential solar photovoltaic systems by 2022, and up to one-third of annual ratepayer funds will be allocated to residential solar photovoltaic programs. He discussed the need for sustained orderly deployment of photovoltaic in Connecticut and explained the connection between energy efficiency goals and clean energy. Mr. Garcia noted the importance of developing economic rationale for homeowners to make energy efficiency measures before investing in photovoltaic. There was general consensus that deployment of clean energy cannot be looked at in isolation. Discussions ensued on whether energy efficiency measures should be required before renewable energy installations. There was general consensus that energy efficiency is important to the sustained orderly deployment of residential solar PV in Connecticut, but that there was a need to work with solar PV contractors to help them incorporate energy efficiency over time. There was also general consensus that marketing and public awareness are key to successful goals with respect to renewables and energy efficiency. Mr. Garcia stated that before designing the programs, meetings will be held with stakeholders to obtain comments.

Mr. Garcia discussed the Connecticut Solar Lease Program. He noted that CCEF's program was very successful and the first-of-its-kind. Connecticut's program was used as a model for other states. Mr. Garcia reviewed the recommendation to spend up to \$150,000 to hire an independent third party consultant to take the program's loan repayment and technology data to evaluate the overall performance of the program. He discussed the importance of having a strong marketing campaign to educate consumers on the value proposition and financing strategies to drive the demand for solar. Suggestions were made to consider the following tools in the marketing campaign for solar: Neighbor to Neighbor Energy Challenge Program, Property Assessed Clean Energy, and non-profit developers. It was noted that private investors are likely to perform independent due diligence before investing, and it may not be necessary for CEFIA to hire an independent third party consultant to assess the performance of the Connecticut Solar Lease Program.

It was the general consensus of the Board to table the recommendation to issue a Request for Proposal to hire a consultant to evaluate the Connecticut Solar Lease Program.

Mr. Wall explained the recommendation to conduct a solar market research study in order to determine the best structure for a marketing strategy to achieve the requirement to create at least 30 megawatts of new residential solar photovoltaic systems by 2022. Ms. Glover requested that the conversation about solar market

research be discussed as part of the joint marketing and outreach campaign discussions.

**8. Joint Marketing and Outreach Campaign Update and Recommendations:**

Mr. Wall spoke about the ad hoc Energy Marketing Committee that has been established and includes representatives from the DEEP, the Connecticut Energy Efficiency Fund (“CEEF”) and CEFIA. He noted the importance of developing a central campaign to motivate consumers to take action. Mr. Wall explained that the cost of the study would be shared in a manner that is consistent with the ratepayer surcharges received by each agency. A majority of the Board supports the three agencies working together to develop a central clean energy campaign for Connecticut and for CEFIA to pay its share of the costs. The Board indicated the need to do some preliminary research before launching a marketing campaign. The Board asked that further research be conducted to determine who are the customers, what the customers know and don’t know about clean energy and energy efficiency, and the level of support and the subsidies needed to draw in customers. A suggestion was made to target small businesses, low-income households and people that do not know about the programs as part of this research. A suggestion was also made to utilize the study being performed through a grant from the Hartford Foundation for Operation Fuel on low-income consumer energy usage and barriers to energy efficiency. The Board discussed the need to offer renewable energy choices to customers.

Upon a motion by Mr. Esty, seconded by Ms. Glover, the Board voted unanimously in favor of supporting an allocation of funding to coordinate and support a statewide energy marketing campaign in an amount that is one-third of the amount committed by the Energy Efficiency Fund that is not to exceed TWO-HUNDRED FIFTY THOUSAND DOLLARS (\$250,000), and that said funding shall also be used to support preliminary research to better understand customers.

**9. Comprehensive Plan Update and Recommendations:**

Discussion on this item was deferred until January 2012.

**10. Adjournment:** Upon a motion made by Ms. Wrice, seconded by Mr. Esty, the Board members voted in favor of adjourning the December 16, 2011, meeting at 5:22 p.m.

Respectfully submitted,

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Catherine Smith, Chairperson