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CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

June 13, 2012

Dear Clean Energy Finance and Investment Authority Board of Directors:

We are looking forward to the next Board of Directors special meeting on Wednesday, June 20, 2012 from 8:30 to 10:30 a.m. at our offices located at 865 Brook Street Rocky Hill, CT.

We have a full agenda which includes:

- Review and recommendation for approval of the FY 2013 budget by the Budget and Operations Committee
- Review and recommendation for approval of a Supplement to the CI-CEFIA MOU by the Technology Innovations Committee for CI to administer CEFIA's technology projects and investments
- Updates from the Audit Compliance and Governance and the Deployment Committees
- Recommendation for approval of Bert Hunter, our new Executive Vice President, as the Chief Investment Officer of CEFIA by the Search Committee
- Review and recommendation for approval of the CCEF's FY 2011 Annual Report
- Review and approve proposed FY 2012 Budget Reallocation

Please note, given that the Budget and Operations Committee is meeting on Friday, June 15, 2012 to discuss the budget, we will be providing additional information (i.e. resolution) on Monday, June 18, 2012 for your review prior to the BOD meeting.

If you have any questions, comments or concerns, please feel free to contact me at any time.

We look forward to the meeting next week.

Sincerely,

Bryan Garcia
President and CEO

CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

AGENDA

Board of Directors of the
Clean Energy Finance and Investment Authority
865 Brook Street
Rocky Hill, CT 06067

Wednesday, June 20, 2012 – Special Meeting
8:30-10:30 a.m.

Staff Invited: George Bellas, Mackey Dykes, Brian Farnen, Bryan Garcia, David Goldberg, Dale Hedman, Bert Hunter, Kim Stevenson, and Bob Wall

1. Call to order

2. Public Comments – 5 minutes

3. Approval of meeting minutes for May 18, 2012* – 5 minutes

4. Update from the President – 5 minutes

5. Budget and Operations Committee updates and recommendations for approval * – 45 minutes

6. Technology Innovations Committee updates and recommendations for approval *– 15 minutes

7. Deployment Committee updates – 10 minutes

8. Audit Compliance and Governance Committee updates – 10 minutes

9. EVP-CIO Search Committee update and recommendation for approval of officer position * – 5 minutes

10. Approval of CCEF FY 2011 Annual Report * – 5 minutes

11. Review and approve FY 2012 Budget Reallocation * – 5 minutes

12. Adjourn

* Denotes item requiring Board action

Call-in information: 1-877-885-3221 access code: 8446562

Next Meeting: Friday, July 20, 2012 from 9:00-11:00 a.m.
Clean Energy Finance and Investment Authority, 865 Brook Street, Rocky Hill, CT

CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

RESOLUTIONS

Board of Directors of the
Clean Energy Finance and Investment Authority
865 Brook Street
Rocky Hill, CT 06067

Wednesday, June 20, 2012 – Special Meeting
8:30-10:30 a.m.

Staff Invited: George Bellas, Mackey Dykes, Brian Farnen, Bryan Garcia, David Goldberg, Dale Hedman, Bert Hunter, Kim Stevenson, and Bob Wall

1. Call to order

2. Public Comments – 5 minutes

3. Approval of meeting minutes for May 18, 2012 * – 5 minutes

   Motion to approve the minutes of the Board of Directors May 18, 2012 Regular Meeting. Second. Discussion. Vote.

4. Update from the President – 5 minutes

5. Budget and Operations Committee updates and recommendations for approval * – 45 minutes

   [Note – the resolution(s) from the Budget and Operations Committee will be distributed to the Board of Directors on Monday, June 18.]

6. Technology Innovations Committee updates and recommendations for approval * – 15 minutes

   WHEREAS, CEFIA recognizes the importance of providing financial assistance to emerging clean energy technology companies to support growth of Connecticut's clean energy industry, resulting in job creation, reduction in clean energy costs, environmental benefits and enhanced energy security;

   WHEREAS, as CEFIA focuses on financing the scaled deployment of commercially available technologies, and support for early stage technology innovation is no longer core to CEFIA's new focus, CEFIA intends to transition the management and administration of certain investments under CEFIA's Alpha Program, Operational Demonstration Program and other technology innovation programs (collectively, "TI

Programs") to other entities better positioned to manage and support Connecticut's clean energy technology entrepreneurs;

WHEREAS, Connecticut Innovations, Incorporated (CI) is uniquely positioned to support these emerging technology entrepreneurs because of its expertise in clean tech investment and management and its core mission is to provide strategic capital and operational insight to push the frontiers of high-tech industries such as energy, biotechnology, information technology, and photonics.

WHEREAS, CEFIA intends to transfer the management and support of certain mutually agreed upon investments under the TI Programs to CI as further described in the **attached** Supplement One to the Memorandum of Understanding (MOU) between CEFIA and CI dated November 22, 2011;

NOW, therefore be it:

RESOLVED, that the Board of Directors of CEFIA approve of the **attached** Supplement One to the MOU**.**

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 the above-mentioned legal instrument.

7. Deployment Committee updates – 10 minutes

8. Audit Compliance and Governance Committee updates – 10 minutes

9. EVP-CIO Search Committee update and recommendation for approval of officer position *– 5 minutes

WHEREAS, the Clean Energy Finance and Investment Authority (CEFIA) Board of Directors (the "Board") approved the position description, salary range and qualification requirements (Position Description) for the Executive Vice President and Chief Investment Officer (CIO) at the Board Special Meeting on September 29, 2011;

WHEREAS, a search committee of Board members and CEFIA staff recommended Bert Hunter for the position of CIO;

NOW, therefore be it:

RESOLVED, that the Board approves the recommendation of the search committee and authorizes the appointment of Bert Hunter as CIO within the parameters of the approved Position Description;

RESOLVED, the President of CEFIA; and any other duly authorized officer of CEFIA, is authorized to execute and deliver any contract or other legal instrument necessary to effect the employment of Bert Hunter as CIO.

10. Approve of CCEF FY 2011 Annual Report * – 5 minutes

WHEREAS, Section 16-245n(f)(1) of the State of Connecticut General Statutes, as amended by Public Act 11-80, requires the Board of Directors of the Clean Energy

Finance and Investment Authority ("CEFIA") to provide an annual report to the Department of Energy and Environmental Protection and the joint standing committees of the General Assembly having cognizance of matters relating to energy and commerce and the Office of Consumer Counsel;

WHEREAS, CEFIA, as the successor organization of the Connecticut Clean Energy Fund (Fund), intends to submit such annual report on behalf of the Fund for fiscal year 2011;

NOW, therefore be it:

RESOLVED, that the CEFIA Board of Directors hereby approves the attached Annual Report of the Fund for fiscal year 2011.

11. Review and approval of FY 2012 Budget Reallocation * – 5 minutes

[Resolution here…]

12. Adjourn

* Denotes item requiring Board action

Call-in information: 1-877-885-3221 access code: 8446562

Next Meeting: Friday, July 20, 2012 from 9:00-11:00 a.m.
Clean Energy Finance and Investment Authority, 865 Brook Street, Rocky Hill, CT

Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #1

Call to Order

June 20, 2012

CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #2

Public Comments

June 20, 2012

CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #3

Approval of Meeting Minutes of May 18, 2012

June 20, 2012

CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #4

Update from the President

June 20, 2012

Update from the President

- **Certificate of Excellence in Ethics Compliance** – SFI filing requirements
- **Plainfield Renewable Energy Site Tour on July 9th** – only P150 project in construction (37.5 MW biomass plant)
- **Legislative Session** – major policies signed into law including C-PACE, bonding and SCRF
- **Energize Connecticut Campaign** – joint DEEP, CEEF and CEFIA campaign, Governor announced at NEEP conference
- **Solarize Connecticut** – joint John Merck Fund, Massachusetts Clean Energy Center and SmartPower project

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CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #5

Budget and Operations Committee

June 20, 2012

Revenues
Budget

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FINANCE AND INVESTMENT AUTHORITY

Revenues	FY12 Budget*	FY12 Actual*	FY13 Budget*	% Budget Variance
Utility customer assessments	$27,515	$26,753	$28,000	2%
Interest on deposits	$118	$140	$120	2%
RECs	$100	$145	$50	-50%
Interest income – solar lease notes	$120	$149	$150	25%
RGGI auction proceeds	$1,100	$2,053	$2,000	82%
RPS compliance penalty payments	$100			-100%
Other	$60	$149	$75	25%
Total	**$29,113**	**$29,389**	**$30,395**	**4%**

*in thousands

Transition Programs

37	Programs/Initiatives from CCEF Comprehensive Plan
26	CCEF Programs with FY12 Budget
4	Continued Programs with CEFIA in FY13

Program Breakdown
Budget

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FINANCE AND INVESTMENT AUTHORITY

	Transition	Maintain	Statutory	Finance
Budget	$3.2m	$2.8m	$15.1m	$48.9m
Projected	$3.2m	$1.9m	$15m	$36m

- **$59.4m allocated towards CEFIA's new mission**
  [$48.9 finance programs, $10.5m Residential Solar PV]

Transition Programs

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Transition	
Programs	Budget*
Alpha	$324
Operational Demonstration	$2,456
Education & Training	$400

*all budget figures in thousands

Maintain

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Maintain	
Programs	Budget
Clean Energy Communities	$856
Community Innovation Grants	$217
Project Opportunities Fund	$1,195
Strategic Investment Fund	$525

Statutory

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Statutory	
Programs	Budget
Residential Solar PV Investment Program	$10,509
Anaerobic Digestor Pilot	$2,151
CHP Pilot	$2,151
Condo Renewable Energy Grants	$272
Green Loan Guaranty Fund	$100

Grid-Tied RE Projects

Grid-Tied Renewable Energy Projects	
Total	Projected
$11,015	$8,015

Two loans

- Bridgeport Fuel Cell - $5,000
- Colebrook Wind - $3,000

Commercial & Industrial

Commercial & Industrial		
	Budget	Projected
Loans	$6,262	$1,637
Credit Enhancement	$2,500	$2,500
CPACE	$1,670	$856

Loans

- Clean Energy Business Solutions

Credit Enhancement

- Multi-unit housing ESCO

Non-Profit

Non-Profit		
	Budget	Projected
Loans	$3,100	$1,100
Credit Enhancement	$5,152	$5,152

Loans
- Campus Efficiency Now/Connecticut Conference of Independent Colleges (CCIC)

Credit Enhancement
- Backing for SCRF bonds

Residential

Residential		
	Budget	Projected
Loans	$10,887	$8,387
Clean Energy Financing Program	$7,000	$7,000
Clean Energy Financial Innovation	$1,361	$1,361

Operations

	FY12	FY13	Variance
Employee Compensation - CEFIA	$ 956	$ 1,252	31%
Employee Compensation – CI Shared	$ 370	$ 361	-2%
Employee Benefits – CEFIA	$ 593	$ 776	31%
Employee Benefits - CI Shared	$ 229	$ 224	-2%
Legal	$ 100	$ 35	-65%
Audit	$ 21	$ 25	19%
Advisory	$ 50	$ 85	70%
Marketing/External Relations	$ 238	$ 311	31%
Rent/Utilities/Maintenance	$ 165	$ 278	68%
Telephone/Communications	$ 30	$ 54	83%
Equipment & storage space rental	$ 10	$ 17	67%
Depreciation	$ 42	$ 93	121%
Office expense	$ 44	$ 62	41%
Computer operations	$ 32	$ 61	91%
Subscriptions	$ 24	$ 18	-25%
Training and education	$ 33	$ 45	36%
Temporary employees	$ 50	$ 25	-50%
Insurance	$ 62	$ 58	-6%
Travel & related expenses	$ 43	$ 63	47%
TOTAL	**$ 3,091**	**$ 3,844**	**24%**

Staff Program Allocation

Program	Salaries & Wages*	Benefits*
Residential	$171.3	$106.2
Non-Profit	$62	$38.4
C & I	$502.6	$311.6
Statutory	$354.3	$219.7
Maintain	$51.4	$31.9
Transition	$244.3	$151.4
General Operations	$1,613.2	$1,004

*in thousands

Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #6

Technology Innovations Committee

June 20, 2012

CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #7

Deployment Committee

June 20, 2012

Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #8

Audit, Compliance and Governance Committee

June 20, 2012

Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #9

EVP-CIO Search

June 20, 2012

CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #10

CCEF FY 2011 Annual Report

June 20, 2012

CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #11

FY 2012 Budget Reallocation

June 20, 2012

Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #12

Adjourn

June 20, 2012

Subject to changes and deletions

CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY
Board of Directors
Draft Minutes – Regular Meeting
Friday, May 18, 2012

A regular meeting of the Board of Directors of the **Clean Energy Finance and Investment Authority (the "CEFIA")** was held on May 18, 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; Daniel Esty, Vice Chairperson of CEFIA and Commissioner of the Department of Energy and Environmental Protection; Norma Glover; Donald Kirshbaum, 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; and Patricia Wrice.

Staff Attending: Mackey Dykes, Brian Farnen (by phone), Loyola French, Bryan Garcia, David Goldberg, Dale Hedman, Dave Ljungquist, Andrea Mancini, Shelly Mondo, Cheryl Samuels, Kim Stevenson and Bob Wall.

Others Attending: Jessica Bailey, the Rockefeller Brothers Fund; Katie Dykes, Department of Energy and Environmental Protection; Teddi Ezzo, Department of Energy and Environmental Protection; Jamie Howland, Environment Northeast; Henry Link, EnviroEnergy; Tyra Peluso, Northeast Utilities; Michael Trahan, Solar Connecticut; and Shinu Thomas, PTE Energy.

There being no objection, the order of the agenda was changed.

2. **Public Comments:**

There were no public comments.

3. **Approval of Minutes of Meeting of March 16, 2012:**

Ms. Smith asked the Board to consider the minutes from the March 16, 2012 meeting.

> **Upon a motion made by Mr. Choi, seconded by Mr. Hundt, the Board members voted in favor of adopting the minutes from the March 16, 2012 meeting as presented (Mr. Esty and Ms. Wrice were not present for the vote).**

4. Update from the President:

Mr. Garcia reported on the site visit to the Colebrook wind project. He mentioned that the Connecticut Clean Energy Fund ("CCEF") provided a $500,000 predevelopment loan for the south side of the project, and siting council approval has been received for a portion of the project. It was noted that the development would be one of the largest taxpayers in Colebrook, and the project will create construction and permanent jobs in Connecticut. Mr. Garcia mentioned that in accordance with Section 127 of Public Act 11-80, the developer is currently in discussion with the electric distribution company about entering into a joint ownership agreement. Mr. Hedman explained the terms of the loan provided by CCEF. In response to a question, Mr. Hedman indicated that the loan closed, and the developer received all of the loan proceeds to develop the project.

Mr. Garcia mentioned that CEFIA partnered with the Renewable Energy and Efficiency Business Association and the Connecticut Bankers Association to sponsor a matchmaking forum which was held on May 3 at the Stamford Hilton to bring end-users, developers, and financiers together. Commissioner Howard Pitkin provided a keynote address to the nearly 350 attendees. Mr. Garcia noted that one of the items discussed was CEFIA's transition from Onsite Distributed Generation to the Zero Emissions Renewable Energy Credit ("ZREC") and Low Emissions Renewable Energy Credit ("LREC") markets. Also discussed at the forum was Commercial Property Assessed Clean Energy ("PACE"), tax equity and residential clean energy financing programs currently in development by CEFIA.

In response to a question about the status of Commercial PACE, Mr. Garcia indicated that the Executive Director of the Connecticut Bankers Association supports C-PACE, and efforts are continuing to get the policy approved by the legislature.

5. Technology Innovations Committee Updates and Recommendations for Approval:

Mr. Choi, Chairperson of the Technology Innovations Committee, provided an update. The membership of the committee consists of Ms. Glover, Mr. Kirshbaum or another representative from the State Treasurer's office, and Mr. Choi. The committee was formed to evaluate the existing CEFIA programs and former CCEF programs and determine whether to 1) maintain the programs, 2) phase the programs out or 3) transition the programs to another agency. Although most of the programs are successful, Mr. Choi noted that the guiding principle was to determine whether the programs meet the new mission of CEFIA. Currently, the focus of the transition efforts is on the Alpha and Operational Demonstration Programs, and the projects in those pipelines. Mr. Choi stated that CEFIA staff is working to transfer the management of pending projects in these programs to CI. However, CI has different program terms, and staff is in the process of determining the best way to transition the programs. Mr. Garcia explained some of the issues being discussed with CI and noted that staff understands the importance of moving forward as quickly as possible to get the projects in the pipeline funded. There was general consensus from the Board to have the projects transferred to CI. In response to a question, Mr. Garcia explained that there is approximately $3,000,000 in program and technical support that would potentially be transferred to CI (four potential projects in the Alpha Program portfolio, at $200,000 each, and four potential projects in the Operational Demonstration Program portfolio, at $500,000 each in addition to funding for management support). A question arose as to who would receive the financial returns for successful projects. Ms. Smith asked staff to work out this issue so that it is fair for everyone.

Mr. Choi mentioned that the Technology Innovations Committee reviewed the Alpha Program finalists that responded to the March 2011 Request for Proposals ("RFP") and will convene to vote on funding approval subject to clarity on the terms under which these projects will be transferred to CI for management. Staff was encouraged to work out the issues with CI in an expeditious manner so that these projects can be funded quickly. Ms. Stevenson explained that over the past two years, the new Alpha and Operational Demonstration Program RFP, evaluation and due diligence processes have filtered a pipeline of approximately 200 inquiries, prospects and applications down to the eight pending Alpha and Op Demo proposals (four pending Alpha proposals being recommended for funding approval and four potential Op Demo proposals currently in due diligence). She noted that there were some delays in the process as a result of the transition from CCEF to CEFIA.

Mr. Choi stated that the Technology Innovation Committee also reviewed the proposal for funding for an evaluation of the ground source heat pump incentive programs that were run in parallel by CEFIA and the Energy Efficiency Fund ("EEF"). He explained that the Technology Innovation Committee's recommendation to fund (as opposed to an approval of funding by the committee) the study was based upon CEFIA's general counsel indicating that Board approval is in accordance with state procurement laws and procedures, and CEFIA's General Counsel has provided a memorandum to that effect. It was noted that the EEF issued an RFP for the consultant and followed appropriate competitive procurement processes.

Mr. Ljungquist explained the request by the EEF to have CEFIA participate in a study of the ground source heat pump systems installed in Connecticut under the incentive programs. He mentioned that staff agreed verbally to split the costs, and in January 2012, the consultant selected through EEF's normal selection process, KEMA/NMR, submitted a final work plan and estimated costs of $337,885 to complete the study. CEFIA's share of the costs is $168,942.50. Mr. Ljungquist talked about the objectives of the program evaluation: understanding the costs and benefits of GSHP systems in Connecticut, determining whether the technology is an effective renewable energy source, and evaluating the design of the incentive programs. It was noted that CEFIA's share of the cost is approximately 3 percent of the total $5,000,000 of American Recovery Reinvestment Act ("ARRA") funding that was available for the Geothermal Program. In response to a question, Mr. Ljungquist indicated that funding for the program evaluation will come from CEFIA funds since all of the $5,000,000 of the ARRA funding for the Geothermal Program has been spent. In the future, staff was asked to consider earmarking funding early in the process for program evaluation and to also include reporting requirements.

The Technology Innovation Committee had expressed some concern about the work being performed before the Board approved funding for the consultant, but counsel has determined that approval could be given for funding activities subsequent to this Board meeting. A discussion ensued on the differences between staff and the Board making certain decisions; there was general consensus that the Board should be making the critical decisions, and that staff should not make commitments which could exceed their authorization levels prior to obtaining Board approval.

Upon a motion made by Mr. Olsen, seconded by Mr. Kirshbaum, the Board voted unanimously in favor of adopting the following resolution authorizing funding for Ground Source Heat Pump program evaluation:

RESOLVED:

(1) that the Clean Energy Finance and Investment Authority ("CEFIA") has determined that funding for a Ground Source Heat Pump Program Evaluation ("Project") is consistent with CEFIA's Comprehensive Plan and in the interests of the ratepayers;

(2) that funding be approved for the Project expenses incurred subsequent to Board approval of this request, up to 50 percent of the Project's expected cost, in an amount not to exceed ONE HUNDRED SIXTY-EIGHT THOUSAND NINE HUNDRED FORTY-TWO and 50/100 Dollars ($168,942.50);

(3) the President of CEFIA and any other duly authorized officer of CEFIA is authorized to execute and deliver, not later than May 31, 2012, any contract or other legal instrument necessary to effect the funding for the Project on such terms and conditions as he or she shall deem to be in the interests of CEFIA and the ratepayers; and

(4) 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.

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6. <u>Deployment Committee Updates and Recommendations</u>:

Mr. Hundt, Chairperson of the Deployment Committee, mentioned that the Deployment Committee met several times since the last Board meeting. He asked Mr. Garcia to provide an update on the Onsite Distributed Generation ("OSDG") Program. Mr. Garcia noted that the OSDG program was a big part of CCEF. Under the OSDG Program, incentives were provided to end users to support installed solar photovoltaic, fuel cells and other behind the meter technologies. Since the state will be moving to the larger ZREC and LREC programs administered by the electric distributions companies and the Department of Energy and Environmental Protection, CEFIA is transitioning out the CCEF's OSDG programs. CEFIA's Comprehensive Plan includes funding for several transition programs, including the OSDG program. Mr. Garcia stated that included in the Comprehensive Plan is $4,500,000 to support a ZREC-like transition program (Solar PV). He mentioned that $1,500,000 of the $4,500,000 is available for projects less than or equal to 100kW and $3,000,000 is available for projects greater than 100kW and less than 250 kW. Additionally, $3,500,000 is available to support the LREC-like transition program (fuel cell and other low emissions technologies). Mr. Garcia mentioned that the Deployment Committee reviewed staff's recommendations and authorized incentives of $3,000,000 for 7 projects of between 100 and 250 kW each, totaling 1.7 megawatts of installed capacity. Additionally, the Deployment Committee approved 2 fuel cell projects with total installed capacity of 1.00 megawatts at $1,500,000 of incentives. Decisions to move forward on the projects less than 100 kW are forthcoming. Mr. Hedman briefly reviewed each of the projects approved by the Deployment Committee, which include:

- Stop & Shop Supermarket, Goodwives Shopping Center, Darien, 213.0 kW, $406,155 incentive.
- John C. Mead School, Ansonia, 226.3 kW, $338,906 incentive
- The Eagle Leasing Company, Orange, 135.5 kW, $221,166 incentive
- Galleria Design Center – Stone Resources, LLC, Middletown, 216.5 kW, $585,495 incentive
- Lake Gaillard Treatment Plant, North Branford, 273.4 kW, $681,908 incentive
- Firestone Building Products, Bristol, 108.0 kW, $313,000 incentive
- RHAM High School, Hebron, 154.3 kW, $250,300 incentive
- Macy's Distribution Warehouse , Cheshire, 600 kW $913,121 incentive
- Western CT State University, Danbury, 400 kW, $1,506,645 incentive

Mr. Hedman explained how the incentive is calculated and the total costs for the projects. The details of the calculations were provided at the Deployment Committee meeting. In response to a question, Mr. Hedman noted that CEFIA considers the gap needed to make a project economically viable, but also tries to determine the costs of electricity and thermal energy being avoided.

Mr. Hundt discussed the Residential Solar Investment Program. He mentioned that the Deployment Committee voted 3 in favor and 1 opposed to the recommended changes to the program. Since the program was launched on March 2, 2012, staff has had time to analyze the results of the program and determined that over 90 percent of the applications being submitted are rebates versus 10 percent for the performance based incentives ("PBI"). Mr. Hundt explained the two competing business models under the program. He mentioned that CEFIA plans on transitioning to a loan product model, and noted that Mr. Hedman has begun developing such a program.

Mr. Hundt reviewed the recommended changes to the program that were reviewed by the Deployment Committee and include: 1) separating the two competing incentive models so firms competing within each model compete against each other; 2) establishing fixed volumes of installations for each incentive model by a certain date, whichever is first (will require $5,000,000 of additional allocation); 3) maintain the PBI at $0.300/kWh and reducing the rebate to $2.275/W instead of $2.100/W to maintain “comparable economic incentives”; and 4) initiating discussions with firms about a workable loan product model in addition to grants. Mr. Hundt explained that with the new information available, staff tried to determine how to create approximately the same cash incentives for both business models. He noted that Section 106 (c)(5) of P.A. 11-80 states “. . . and (5) provide comparable economic incentives for the purchase or lease of qualifying residential solar photovoltaic systems.” He stated that with the net present value calculations, staff can make better comparisons. Mr. Ranelli explained why he was questioned the change to the incentive for the rebate model at step 2. He noted that the responses for the rebate model in step 1 exceeded expectations. Staff was asked whether further adjustments should be made under the PBI model to encourage more participation. Mr. Garcia explained that a majority of the third-party and lease providers have been hesitant to participate because of the desire for a longer-term commitment. He stated that Mr. Hedman is working on developing a financing model and discussions will continue with the industry to encourage participation. The Board discussed the importance of attracting private capital, getting more third party providers involved and providing some stability for the market.

Mr. Garcia reviewed the proposed terms of the resolution. After discussion, several other changes were suggested.

> **Upon a motion made by Ms. Glover, seconded by Ms. Wrice, the Board voted in favor of adopting the following resolution revising the Residential Solar PV Investment Program (Mr. Ranelli abstained from the vote):**

RESOLUTION:

WHEREAS, Section 106 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”) requires the Clean Energy Finance and Investment Authority (“CEFIA”) to design and implement a Residential Solar Photovoltaic (“PV”) Investment Program (“Program Plan”) that results in a minimum of thirty (30) megawatts of new residential PV installation in Connecticut before December 31, 2022.

WHEREAS, pursuant to Section 106 of the Act, CEFIA has prepared a Program Plan and a declining incentive block schedule (“Schedule”) that offer direct financial incentives, in the form of performance-based incentives (“PBI”) or expected performance-based buydowns (“Rebate”), for the purchase or lease of qualifying residential solar photovoltaic systems.

WHEREAS, the Deployment Committee recommends to the CEFIA Board of Directors (the "Board") to revise Step 2 of the Schedule to (1) address the findings from the program data obtained since approval of the original incentive schedule, (2) address changes in the solar market ascertained since approval of the original Schedule which would affect the expected return on investment for a typical residential PV system under the PBI model by twenty percent or more, and (3) ensure that third party financing companies enter the market to help serve the low and middle income markets.

NOW, therefore, be it:

RESOLVED, that the Board approves the revised Schedule of Incentives as recommended by the Deployment Committee.

RESOLVED, that the Board approves a Step 2 budget increase of $5,000,000 to a total of $10,000,000.

RESOLVED, that at the point of the Step 2 of the Schedule where 1.6 MWs of committed capacity is reached, or earlier if staff deems it appropriate, for either the PBI or the Rebate models, CEFIA staff will analyze the date of the performance of the Program Plan and make a recommendation to the Deployment Committee on the Step 3 funding allocation and incentive level.

RESOLVED, that by (a) the point of the Step 2 incentive where 2.0 MW of committed capacity is reached for either the PBI or the Rebate models or (b) January 15, whichever comes first, the Board will approve a Step 3 incentive and inform residential solar installers to ensure the sustained and orderly deployment of the residential solar market in Connecticut.

RESOLVED, that this Board action is consistent with Section 106 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.

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7. Audit Compliance and Governance Committee Updates and Recommendations for Approval:

Mr. Olsen, Chairperson of the Audit Compliance and Governance Committee ("Audit Committee"), mentioned that the Audit Committee met on March 16 and has three recommendations for consideration by the Board. The Audit Committee recommends the appointment of Brian Farnen as the CEFIA Ethics Compliance Officer.

Upon a motion made by Mr. Olsen, seconded by Mr. Kirshbaum, the Board voted unanimously in favor of adopting the following

resolution appointing Brian Farnen as CEFIA's Ethics Compliance Officer:

WHEREAS, Section 1-101rr(a) State of Connecticut Code of Ethics requires the Clean Energy Finance and Investment Authority ("CEFIA") to designate an ethics compliance officer to be responsible for the development of the ethics policies, to coordinate ethics training programs and to monitor ethics policy compliance;

WHEREAS, pursuant to Section 5.3.1(vi) of the CEFIA Bylaws, the Audit, Compliance and Governance Committee recommends Brian Farnen, General Counsel of CEFIA, as CEFIA's ethics compliance officer.

NOW, therefore be it:

RESOLVED, that the CEFIA Board of Directors hereby approves Brian Farnen, General Counsel of CEFIA, as CEFIA's ethics compliance officer.

Mr. Olsen stated that the Audit Committee discussed the proposed ethics policies for both the Board and staff and questioned whether the policy should apply to Advisory Committee members. Attorney Farnen explained that it was concluded that the directors and only advisory committee members that vote on matters should be held to the Board ethical requirements. Mr. Olsen noted the importance of Board members understanding the ethics requirements. Arrangements will be made to have a representative from the Ethics Commission provide a brief presentation to the Board later in the year.

Upon a motion made by Mr. Olsen, seconded by Mr. Kirshbaum, the Board voted unanimously in favor of adopting the following resolution adopting a Board Ethics' Policy:

WHEREAS, Section 1-101rr(a) State of Connecticut Code of Ethics for Public Officials requires the ethic compliance officer of the Clean Energy Finance and Investment Authority ("CEFIA") to develop the ethics policies of CEFIA;

WHEREAS, pursuant to Section 5.3.1 (viii) of the CEFIA Bylaws, the Audit, Compliance and Governance Committee has reviewed and recommends to the CEFIA Board of Directors (the "Board") the attached Clean Energy Finance and Investment Authority Board of Directors and Advisory Committee Members Ethical Conduct Policy;

NOW, therefore, be it:

RESOLVED, that the Board hereby approves the attached Clean Energy Finance and Investment Authority Board of Directors' and Advisory Committee Members' Ethical Conduct Policy.

Upon a motion made by Mr. Olsen, seconded by Mr. Kirshbaum, the Board voted unanimously in favor of adopting the following resolution adopting a staff Ethics' Policy:

WHEREAS, Section 1-101rr(a) State of Connecticut Code of Ethics for Public Officials requires the ethic compliance officer of the Clean Energy Finance and Investment Authority ("CEFIA") to develop the ethics policies of CEFIA;

WHEREAS, pursuant to Section 5.3.1 (viii) of the CEFIA Bylaws, the Audit, Compliance and Governance Committee has reviewed and recommends to the CEFIA Board of Directors (the "Board") the attached Clean Energy Finance and Investment Authority Ethical Conduct Policy and Ethics Statement;

NOW, therefore, be it:

RESOLVED, that the Board hereby approves the attached Clean Energy Finance and Investment Authority Ethical Conduct Policy and Ethics Statement.

Attorney Farnen explained that CEFIA's Bylaws were modeled after CI's Bylaws, and staff would like to amend CEFIA's Bylaws to better align with CEFIA's new mission. He noted that the amended language clarifies the Deployment Committee's and Technology Innovation Committee's authority to approve funding requests that are consistent with CEFIA's new financing mission. In response to a question, Attorney Farnen stated that the cap on the authorization remains the same. Staff was asked to include language in the Bylaws indicating that authorizations are within CEFIA's approved budget.

Upon a motion made by Mr. Olsen, seconded by Mr. Kirshbaum, the Board voted unanimously in favor of adopting the following resolution authorizing the revised Bylaws of CEFIA:

WHEREAS, the Clean Energy Finance and Investment Authority ("CEFIA") Board of Directors (the "Board") approved CEFIA's Bylaws pursuant to Section 16-245n of the Connecticut General Statutes on August 3, 2011 and made subsequent revisions on September 29, 2011;

WHEREAS, the Board intends to revise the Bylaws to clarify the Deployment Committee's and Technology Innovation Committee's authority to approve funding requests consistent with CEFIA's new financing mission;

NOW, therefore, be it:

RESOLVED, that the Board hereby approves the attached revised CEFIA Bylaws dated May 18, 2012.

8. Budget and Operations Committee Updates:

Mr. Esty, Chairperson of the Budget and Operations Committee ("Budget Committee"), mentioned that the Budget Committee met on May 8. The goal at the meeting was to review the 37 CEFIA programs and initiatives to determine whether they are consistent with CEFIA's new mission and should be funded in the fiscal year 2013 budget. It was determined that 8 of the programs/initiatives should continue to be funded. At the next meeting, the Budget Committee intends to discuss metrics, identify successes, determine funding amounts and continue to refine the proposed 2013 budget before presenting it to the Board in June. Mr. Esty mentioned that the Budget Committee members discussed the projected revenues and reached consensus on a general spending plan for the next several years. The full Board will be invited to attend the next Budget Committee meeting to discuss the Comprehensive Energy Plan being developed by DEEP and the proposed budget before the budget is presented for consideration to the Board. All materials should be provided to the Board well in advance of the meeting.

9. Other Business:

The Board asked staff to provide CEFIA's balance sheet, budget to actual analysis for the current year, and other financial reports on a quarterly basis.

Mr. Garcia asked the Board to consider the adoption of the minutes from the last CCEF meeting held on June 20, 2011. Attorney Farnen opined that even though some of the current Board members were not on the CCEF Board, the minutes can be adopted by the Board as the successor agency.

> **Upon a motion made by Mr. Ranelli, seconded by Mr. Esty, the Board voted in favor of adopting the minutes from June 20, 2011 CCEF Board meeting as presented (Mr. Kirshbaum abstained from the vote).**

Mr. Garcia briefly provided an update on some of CEFIA's legislative priorities in this session. He stated that nothing was passed, and CEFIA will be working with the administration to attempt to move some of the key issues in the special session. There was consensus that the highest priority should be the bonding provisions and potentially Commercial PACE. For the next regular session in 2013, a suggestion was made to bring up the flaws with virtual net metering in Connecticut.

10. Executive Session:

Catherine Smith asked the Board to consider going into executive session to discuss a personnel matter.

Upon a motion made by Mr. Choi, seconded by Mr. Kirshbaum, the Board voted unanimously in favor of going into executive session at 11:00 a.m. to discuss a personnel matter.

Mr. Dykes, Mr. Garcia and Attorney Farnen were invited to remain during the executive session.

The executive session ended at 11:10 a.m., and the regular meeting was immediately reconvened and adjourned.

11. Adjournment: Upon a motion made by Mr. Esty, seconded by Ms. Smith, the Board members voted unanimously in favor of adjourning the May 18, 2012 meeting at 11:12 a.m.

Respectfully submitted,

____
Catherine Smith, Chairperson

STATE OF CONNECTICUT
OFFICE OF STATE ETHICS

May 23, 2012

President Bryan Garcia
Clean Energy Finance and Investment Authority
865 Brook Street
Rocky Hill, CT 06067

Dear Mr. Garcia:

As you know Statements of Financial Interests serve two purposes. First, financial disclosure provides a reminder to our public officials and state employees to be mindful of potential conflicts of interest. Second the Statements of Financial Interests are vital to transparency in government, and serve as a tool to maximize public confidence in governmental decision making.

Congratulations to you and the Clean Energy Finance and Investment Authority for the timely submission of 100% of your 2011 Statements of Financial Interests. In particular, I would like to commend Brian Farnen, the Ethics Liaison for your Agency, for a job well done in coordinating the filer list and sending periodic reminders to required filers. The commitment to excellence and the effort put forth no doubt contributed to your compliance success.

In addition to the enclosed certificate, your Agency will be recognized on our website. Again, thank you for your hard work you have been well represented.

Sincerely,

Carol Carson

Carol Carson
Executive Director

Phone (860) 263-2400 Fax (860) 263-2402
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2012

CERTIFICATE OF EXCELLENCE

ETHICS COMPLIANCE

This certificate is awarded to the

CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

In Recognition of 100% Ethics Compliance

TIMELY SUBMISSION OF STATEMENTS OF FINANCIAL INTERESTS

STATE OF CONNECTICUT · HONESTY · INTEGRITY · ACCOUNTABILITY · OFFICE OF STATE ETHICS

Carol Carson

Carol Carson, Executive Director
Office of State Ethics

5/23/12
Date

Plainfield Renewable Energy LLC
Project Highlights

The Plainfield Renewable Energy (PRE) Project located in Plainfield, CT was developed over a 10 year period by NuPower LLC and it is the first large scale biomass renewable project in Connecticut.

- Class I project developed under the auspices of the Project 150 program
- The 37.5 MW net capacity represents approximately 7.5% of the State's Class I 2013 RPS.
- Avoids 27.6 million gallons of imported oil or 4.1 million MCF of natural gas annually by using the State's C&D wood fraction
- Eliminates disposal in costly landfills and the corresponding long distance trucking
- Using innovative EPI bubbling bed boiler system for wood gasification
- Started construction in September 2011 with a contractual COD of December 2013
- SAIC is the general contractor (#245 on the Forbes 500 list)
- Located on a brown field site that has been dormant for 30 years.
- Generates over a million dollars a year in state and local tax revenue
- Contributes nearly 200 new direct and indirect jobs during its long operational life. Will also create over 300 additional direct and indirect jobs during the 24-month construction period.
- Construction being done under a Project Labor Agreement
- Currently erecting stack, boiler and power house steel


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MANAFORT

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CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

Memo

To: CEFIA Board of Directors (BOD)

From: David R. Goldberg, Director of Government and External Relations

CC: Bryan Garcia

Date: 6/13/2012

Re: 2012 Regular and Special Legislative Session Summary

Prior to the 2012 Regular Session of the Connecticut General Assembly representatives of CEFIA and the Department of Energy and Environmental Protection (DEEP) met to discuss legislative priorities, activities, and efforts. At the aforementioned meeting it was determined that DEEP and CEFIA would work collaboratively during the regular legislative session. Bryan Garcia provided the BOD with an update at the January 20, 2012 meeting on the legislative priorities determined by CEFIA and DEEP. Throughout the winter and spring session, CEFIA staff participated in public hearings and special meetings with the Energy and Technology Committee as well as the Finance, Revenue, and Bonding Committee, while DEEP negotiated CEFIA's legislative activities throughout the regular session.

CEFIA had several technical legislative priorities, including, (1) clarifying CEFIA's quasi-public status; (2) modifying the "investment fund" board appointment to a "business community" member; (3) adding the Banking Commissioner to our Board; and (4) changing CEFIA's name to the Clean Energy Authority.

A few additional substantive proposals were also on the organizations legislative agenda, including, (1) inclusion of the word "pension funds" to the list of eligible sources of funds; (2establishing bonding provisions that provide CEFIA the powers and authorities of other quasi-public agencies; (3) capturing Connecticut's Class I RPS definition within the definition of "Clean Energy" for purposes of CEFIA activity; (4) allowing CEFIA to utilize the Special Capital Reserve Fund (SCRF); and (5) commercial property assessed clean energy (C-PACE).

Toward the end of the regular session CEFIA prioritized its legislative needs and focused primarily on bonding authority and clarity, SCRF eligibility, and Commercial PACE. While none of these matters were ultimately passed within Senate Bill 413 or Senate Bill 415 during the regular session, several important CEFIA related matters were passed during "Special Session".

For your convenience we have included Attachment A that contains CEFIA related items passed during "Special Session"…..including the specific statutory language. The changes specific to CEFIA are as follows:

- Quasi-Public and Bond Authorization Clarification
- SCRF Authorization
- C-PACE
- Project 150 extension authority

- CHP and AD Pilot Program Modifications
- CEFIA Clean Energy Definition (inclusive of Class I RPS)

Please do not hesitate to contact me directly if you have any question or comments.

Thank you.

ATTACHMENT A

2012 SPECIAL SESSION CEFIA RELATED ITEMS

SB 501

COMBINED HEAT AND POWER AND ANAEROBIC DIGESTION PILOT PROGRAMS

Sec. 156. Section 103 of public act 11-80 is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) The Clean Energy Finance and Investment Authority shall on or before March 1, 2012, establish a three-year pilot program to promote the development of new combined heat and power projects in Connecticut that are below **[**two**]** five megawatts in capacity size. The program established pursuant to this section shall not exceed fifty megawatts. The Clean Energy Finance and Investment Authority shall examine the appropriate assistance to provide to each approved project. The **[**authority**]** Clean Energy Finance and Investment Authority shall set one or more standardized grant amounts, loan amounts and power purchase agreements for such projects to limit the administrative burden of project approvals for the authority and the project proponent, including, but not limited to, a per kilowatt cost of up to **[**three**]** four hundred fifty dollars. Such standardized provisions shall seek to minimize costs for the general class of ratepayers, ensuring that the project developer has a significant share of the financial burden and risk, while ensuring the development of projects that benefit Connecticut's economy, ratepayers, and environment. The **[**authority**]** Clean Energy Finance and Investment Authority may in its discretion decline to support a proposed project if the benefits of such project to Connecticut's ratepayers, economy and environment, including emissions reductions, are too meager to justify ratepayer or taxpayer investment.

(b) The Clean Energy Finance and Investment Authority shall establish a three-year pilot program to support through loans, grants or power purchase agreements sustainable practices and economic prosperity of Connecticut farms and other businesses by using organic waste with on-site anaerobic digestion facilities to generate electricity and heat. As part of the pilot program, **[**the**]** said authority may approve no more than five projects, each of which shall have a maximum size of **[**one thousand five hundred kilowatts**]** three megawatts at a cost of four hundred fifty dollars per kilowatt.

(c) On or before January 1, 2016, the **[**authority**]** Clean Energy Finance and Investment Authority shall report, in accordance with the provisions of section 11-4a of the general statutes, to the joint standing committee of the General

Assembly having cognizance of matters relating to energy regarding the program established pursuant to this section and whether such program should continue.

(d) The Clean Energy Finance and Investment Authority shall allocate four million dollars annually from the Clean Energy Fund, provided two million dollars shall be allocated for combined heat and power projects and two million dollars shall be allocated for anaerobic digestion projects.

COMMERCIAL PROPERTY ASSESSED CLEAN ENERGY (CPACE)

Sec. 157. (NEW) (*Effective from passage*) (a) As used in this section:

(1) "Energy improvements" means any renovation or retrofitting of qualifying commercial real property to reduce energy consumption or installation of a renewable energy system to service qualifying commercial real property, provided such renovation, retrofit or installation is permanently fixed to such qualifying commercial real property;

(2) "Qualifying commercial real property" means any commercial or industrial property, regardless of ownership, that meets the qualifications established for the commercial sustainable energy program;

(3) "Commercial or industrial property" means any real property other than a residential dwelling containing less than five dwelling units;

(4) "Benefitted property owner" means an owner of qualifying commercial real property who desires to install energy improvements and provides free and willing consent to the benefit assessment against the qualifying commercial real property;

(5) "Commercial sustainable energy program" means a program that facilitates energy improvements and utilizes the benefit assessments authorized by this section as security for the financing of the energy improvements;

(6) "Municipality" means a municipality, as defined in section 7-369 of the general statutes;

(7) "Benefit assessment" means the assessment authorized by this section;

(8) "Participating municipality" means a municipality that has entered into a written agreement, as approved by its legislative body, with the authority pursuant to which the municipality has agreed to assess, collect, remit and assign, benefit assessments to the authority in return for energy improvements for benefited property owners within such municipality and costs reasonably incurred in performing such duties; and

(9) "Authority" means the Clean Energy Finance and Investment Authority.

(b) (1) The authority shall establish a commercial sustainable energy program in the state, and in furtherance thereof, is authorized to make appropriations for and issue bonds, notes or other obligations for the purpose of financing, (A) energy improvements; (B) related energy audits; (C) renewable energy system feasibility studies; and (D) verification reports of the installation and effectiveness of such improvements. The bonds, notes or other obligations shall be issued in accordance with legislation authorizing the authority to issue bonds, notes or other obligations generally. Such bonds, notes or other obligations may be secured as to both principal and interest by a pledge of revenues to be derived from the commercial sustainable energy program, including revenues from benefit assessments on qualifying commercial real property, as authorized in this section.

(2) When the authority has made appropriations for energy improvements for qualifying commercial real property or other costs of the commercial sustainable energy program, including interest costs and other costs related to the issuance of bonds, notes or other obligations to finance the appropriation, the authority may require the participating municipality in which the qualifying commercial real property is located to levy a benefit assessment against the qualifying commercial real property especially benefited thereby.

(3) The authority (A) shall develop program guidelines governing the terms and conditions under which state financing may be made available to the commercial sustainable energy program, including, in consultation with representatives from the banking industry, municipalities and property owners, developing the parameters for consent by existing mortgage holders and may serve as an aggregating entity for the purpose of securing state or private third-party financing for energy improvements pursuant to this section, (B) shall establish the position of commercial sustainable energy program liaison within the authority, (C) shall establish a loan loss reserve or other credit enhancement program for qualifying commercial real property, (D) may use the services of one or more private, public or quasi-public third-party administrators to administer, provide support or obtain financing for the commercial sustainable energy program, and (E) shall adopt standards to ensure that the energy cost savings of the energy improvements over the useful life of such improvements exceed the costs of such improvements.

(c) Before establishing a commercial sustainable energy program under this section, the authority shall provide notice to the electric distribution company, as defined in section 16-1 of the general statutes, that services the participating municipality.

(d) If a benefitted property owner requests financing from the authority for energy improvements under this section, the authority shall:

(1) Require performance of an energy audit or renewable energy system feasibility analysis on the qualifying commercial real property that assesses the

expected energy cost savings of the energy improvements over the useful life of such improvements before approving such financing;

(2) If financing is approved, require the participating municipality to levy a benefit assessment on the qualifying commercial real property with the property owner in a principal amount sufficient to pay the costs of the energy improvements and any associated costs the authority determines will benefit the qualifying commercial real property;

(3) Impose requirements and criteria to ensure that the proposed energy improvements are consistent with the purpose of the commercial sustainable energy program;

(4) Impose requirements and conditions on the financing to ensure timely repayment, including, but not limited to, procedures for placing a lien on a property as security for the repayment of the benefit assessment; and

(5) Require that the property owner provide written notice, not less than thirty days prior to the recording of any lien securing a benefit assessment for energy improvements for such property, to any existing mortgage holder of such property, of the property owner's intent to finance such energy improvements pursuant to this section.

(e) (1) The authority may enter into a financing agreement with the property owner of qualifying commercial real property. After such agreement is entered into, and upon notice from the authority, the participating municipality shall place a caveat on the land records indicating that a benefit assessment and lien is anticipated upon completion of energy improvements for such property.

(2) The authority shall disclose to the property owner the costs and risks associated with participating in the commercial sustainable energy program established by this section, including risks related to the failure of the property owner to pay the benefit assessment. The authority shall disclose to the property owner the effective interest rate of the benefit assessment, including fees charged by the authority to administer the program, and the risks associated with variable interest rate financing. The authority shall notify the property owner that such owner may rescind any financing agreement entered into pursuant to this section not later than three business days after such agreement.

(f) The authority shall set a fixed or variable rate of interest for the repayment of the benefit assessment amount at the time the benefit assessment is made. Such interest rate, as may be supplemented with state or federal funding as may become available, shall be sufficient to pay the financing and administrative costs of the commercial sustainable energy program, including delinquencies.

(g) Benefit assessments levied pursuant to this section and the interest, fees and any penalties thereon shall constitute a lien against the qualifying commercial real property on which they are made until they are paid. Such lien shall be levied and collected in the same manner as the property taxes of the participating municipality on real property, including, in the event of default or delinquency, with respect to any penalties, fees and remedies and lien priorities. Each such lien may be continued, recorded and released in the manner provided for property tax liens, subject to the consent of existing mortgage holders, and shall take precedence over all other liens or encumbrances except a lien for taxes of the municipality on real property, which lien for taxes shall have priority over such benefit assessment lien.

(h) Any participating municipality may assign to the authority any and all liens filed by the tax collector, as provided in the written agreement between the participating municipality and the authority. The authority may sell or assign, for consideration, any and all liens received from the participating municipality. The consideration received by the authority shall be negotiated between the authority and the assignee. The assignee or assignees of such liens shall have and possess the same powers and rights at law or in equity as the authority and the participating municipality and its tax collector would have had if the lien had not been assigned with regard to the precedence and priority of such lien, the accrual of interest and the fees and expenses of collection. The assignee shall have the same rights to enforce such liens as any private party holding a lien on real property, including, but not limited to, foreclosure and a suit on the debt. Costs and reasonable attorneys' fees incurred by the assignee as a result of any foreclosure action or other legal proceeding brought pursuant to this section and directly related to the proceeding shall be taxed in any such proceeding against each person having title to any property subject to the proceedings. Such costs and fees may be collected by the assignee at any time after demand for payment has been made by the assignee.

CLEAN ENERGY DEFINITION – (INCLUSION OF CLASS I RPS DEFINITION) & QUASI-PUBLIC CLARITY

Sec. 158. Section 16-245n of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) For purposes of this section, "clean energy" means solar photovoltaic energy, solar thermal, geothermal energy, wind, ocean thermal energy, wave or tidal energy, fuel cells, landfill gas, hydropower that meets the low-impact standards of the Low-Impact Hydropower Institute, hydrogen production and hydrogen conversion technologies, low emission advanced biomass conversion technologies, alternative fuels, used for electricity generation including ethanol, biodiesel or other fuel produced in Connecticut and derived from agricultural produce, food waste or waste vegetable oil, provided the Commissioner of Energy and Environmental Protection determines that such fuels provide net reductions in greenhouse gas emissions and fossil fuel consumption, usable electricity from combined heat and power systems with waste heat recovery systems, thermal storage systems, other energy resources and emerging technologies which have significant potential for commercialization and which do not involve the combustion of coal, petroleum or petroleum products, municipal solid waste or nuclear fission, financing of energy efficiency projects, **[**and**]** projects that seek to deploy electric, electric hybrid, natural gas or alternative fuel vehicles and associated infrastructure, **[**and**]** any related storage, distribution, manufacturing technologies or facilities <u>and any Class I renewable energy source, as defined in section 16-1</u>.

(b) On and after July 1, 2004, the Public Utilities Regulatory Authority shall assess or cause to be assessed a charge of not less than one mill per kilowatt hour charged to each end use customer of electric services in this state which shall be deposited into the Clean Energy Fund established under subsection (c) of this section. Notwithstanding the provisions of this section, receipts from such charges shall be disbursed to the resources of the General Fund during the period from July 1, 2003, to June 30, 2005, unless the authority shall, on or before October 30, 2003, issue a financing order for each affected distribution company in accordance with sections 16-245e to 16-245k, inclusive, to sustain funding of renewable energy investment programs by substituting an equivalent amount, as determined by the authority in such financing order, of proceeds of rate reduction bonds for disbursement to the resources of the General Fund during the period from July 1, 2003, to June 30, 2005. The authority may authorize in such financing order the issuance of rate reduction bonds that substitute for disbursement to the General Fund for receipts of both charges under this subsection and subsection (a) of section 16-245m and also may in its discretion authorize the issuance of rate reduction bonds under this subsection and subsection (a) of section 16-245m that relate to more than one electric distribution company. The authority shall, in such financing order or other appropriate order, offset any increase in the competitive transition assessment necessary to pay principal, premium, if any, interest and expenses of the issuance of such rate reduction bonds by making an equivalent reduction to the charges imposed under this subsection, provided any failure to offset all or any portion of such increase in the competitive transition assessment shall not affect the need to implement the full amount of such increase as required by this subsection and sections 16-245e to 16-245k, inclusive. Such financing order shall also provide if the rate reduction bonds are not issued, any unrecovered funds expended and committed by the electric distribution companies for renewable resource investment through deposits into the Clean Energy Fund, provided such expenditures were approved by the authority following August 20, 2003, and prior to the date of determination that the rate reduction bonds cannot be issued, shall be recovered by the companies from their respective competitive transition assessment or systems benefits charge, except that such expenditures shall not exceed one million dollars per month. All receipts from the remaining charges imposed under this subsection, after reduction of such charges to offset the increase in the competitive transition assessment as provided in this subsection, shall be disbursed to the Clean Energy Fund commencing as of July 1, 2003. Any increase in the competitive transition assessment or decrease in the renewable energy investment component of an electric distribution company's rates resulting from the issuance of or obligations under rate reduction bonds shall be included as rate adjustments on customer bills.

(c) There is hereby created a Clean Energy Fund which shall be within the Clean Energy Finance and Investment Authority. The fund may receive any amount required by law to be deposited into the fund and may receive any federal funds as may become available to the state for clean energy investments. Upon authorization of the Clean Energy Finance and Investment Authority established pursuant to subsection (d) of this section, any amount in said fund may be used for expenditures that promote investment in clean energy in accordance with a comprehensive plan developed by it to foster the growth, development and commercialization of clean energy sources, related enterprises and stimulate demand for clean energy and deployment of clean energy sources that serve end use customers in this state and for the further purpose of supporting operational demonstration projects for advanced technologies that reduce energy use from traditional sources. Such expenditures may include, but not be limited to, providing low-cost financing and credit enhancement mechanisms for clean energy projects and technologies, reimbursement of the operating expenses, including administrative expenses incurred by the **[**authority**]** <u>Clean Energy Finance and Investment Authority</u> and **[**the corporation**]** <u>Connecticut Innovations, Incorporated</u>, and capital costs incurred by the **[**authority**]** <u>Clean</u>

Energy Finance and Investment Authority in connection with the operation of the fund, the implementation of the plan developed pursuant to subsection (d) of this section or the other permitted activities of the [authority] Clean Energy Finance and Investment Authority, disbursements from the fund to develop and carry out the plan developed pursuant to subsection (d) of this section, grants, direct or equity investments, contracts or other actions which support research, development, manufacture, commercialization, deployment and installation of clean energy technologies, and actions which expand the expertise of individuals, businesses and lending institutions with regard to clean energy technologies.

(d) (1) (A) There is established the Clean Energy Finance and Investment Authority, which shall be [deemed a quasi-public agency for purposes of chapters 5, 10 and 12 and] within Connecticut Innovations, Incorporated, for administrative purposes only. The Clean Energy Finance and Investment Authority is hereby established and created as a body politic and corporate, constituting a public instrumentality and political subdivision of the state of Connecticut established and created for the performance of an essential public and governmental function. The Clean Energy Finance and Investment Authority shall not be construed to be a department, institution or agency of the state.

(B) The [authority] Clean Energy Finance and Investment Authority shall [(A)] (i) develop separate programs to finance and otherwise support clean energy investment in residential, municipal, small business and larger commercial projects and such others as the [authority] Clean Energy Finance and Investment Authority may determine; [(B)] (ii) support financing or other expenditures that promote investment in clean energy sources in accordance with a comprehensive plan developed by it to foster the growth, development and commercialization of clean energy sources and related enterprises; and [(C)] (iii) stimulate demand for clean energy and the deployment of clean energy sources within the state that serve end-use customers in the state.

[Said authority] (C) The Clean Energy Finance and Investment Authority shall constitute a successor agency to [the corporation] Connecticut Innovations, Incorporated for the purposes of [administrating] administering the Clean Energy Fund in accordance with section 4-38d. [Said authority] The Clean Energy Finance and Investment Authority shall have all the privileges, immunities, tax exemptions and other exemptions of [the corporation. Said authority] Connecticut Innovations, Incorporated with respect to said fund. The Clean Energy Finance and Investment Authority shall be subject to suit and liability solely from the assets, revenues and resources of [the] said authority and without recourse to the general funds, revenues, resources or other assets of [the corporation. Said authority] Connecticut Innovations, Incorporated. The Clean Energy Finance and Investment Authority may provide financial assistance in the form of grants, loans, loan guarantees or debt and equity investments, as approved in accordance with written procedures adopted pursuant to section 1-121. The Clean Energy Finance and Investment Authority may assume or take title to any real property, convey or dispose of its assets and pledge its revenues to secure any borrowing, convey or dispose of its assets and pledge its revenues to secure any borrowing, for the purpose of developing, acquiring, constructing, refinancing, rehabilitating or improving its assets or supporting its programs, provided each such borrowing or mortgage, unless otherwise provided by the board or [the] said authority, shall be a special obligation of [the] said authority, which obligation may be in the form of bonds, bond anticipation notes or other obligations which evidence an indebtedness to the extent permitted under this chapter to fund, refinance and refund the same and provide for the rights of holders thereof, and to secure the same by pledge of revenues, notes and mortgages of others, and which shall be payable solely from the assets, revenues and other resources of [the] said authority and [in no event shall] such bonds may be secured by a special capital reserve fund [of any kind which is in any way] contributed to by the state. The [authority] Clean Energy Finance and Investment Authority shall have the purposes as provided by resolution of [the] said authority's board of directors, which purposes shall be consistent with this section. No further action is required for the establishment of the [authority] Clean Energy Finance and Investment Authority, except the adoption of a resolution for [the] said authority.

(2) (A) The [authority] Clean Energy Finance and Investment Authority may seek to qualify as a Community Development Financial Institution under Section 4702 of the United States Code. If approved as a Community Development Financial Institution, [the] said authority would be treated as a qualified community development entity for purposes of Section 45D and Section 1400N(m) of the Internal Revenue Code.

(B) Before making any loan, loan guarantee, or such other form of financing support or risk management for a clean energy project, the [authority] Clean Energy Finance and Investment Authority shall develop standards to govern the administration of [the] said authority through rules, policies and procedures that specify borrower eligibility, terms and conditions of support, and other relevant criteria, standards or procedures.

(C) Funding sources specifically authorized include, but are not limited to:

(i) Funds repurposed from existing programs providing financing support for clean energy projects, provided any transfer of funds from such existing programs shall be subject to approval by the General Assembly and shall be used for expenses of financing, grants and loans;

(ii) Any federal funds that can be used for the purposes specified in subsection (c) of this section;

(iii) Charitable gifts, grants, contributions as well as loans from individuals, corporations, university endowments and philanthropic foundations;

(iv) Earnings and interest derived from financing support activities for clean energy projects backed by the [authority] Clean Energy Finance and Investment Authority;

(v) If and to the extent that the [authority] Clean Energy Finance and Investment Authority qualifies as a Community Development Financial Institution under Section 4702 of the United States Code, funding from the Community Development Financial Institution Fund administered by the United States Department of Treasury, as well as loans from and investments by depository institutions seeking to comply with their obligations under the United States Community Reinvestment Act of 1977; and

(vi) The [authority] Clean Energy Finance and Investment Authority may enter into contracts with private sources to raise capital. The average rate of return on such debt or equity shall be set by the [authority's] board of directors of said authority.

(D) The [authority] Clean Energy Finance and Investment Authority may provide financing support under this subsection if [the] said authority determines that the amount to be financed by [the] said authority and other nonequity financing sources do not exceed eighty per cent of the cost to develop and deploy a clean energy project or up to one hundred per cent of the cost of financing an energy efficiency project.

(E) The [authority] Clean Energy Finance and Investment Authority may assess reasonable fees on its financing activities to cover its reasonable costs and expenses, as determined by the board.

(F) The [authority] Clean Energy Finance and Investment Authority shall make information regarding the rates, terms and conditions for all of its financing support transactions available to the public for inspection, including formal annual reviews by both a private auditor conducted pursuant to subdivision (2) of subsection (f) of this section and the Comptroller, and providing details to the public on the Internet, provided public disclosure shall be restricted for patentable ideas, trade secrets, proprietary or confidential commercial or financial information, disclosure of which may cause commercial harm to a nongovernmental recipient of such financing support and for other information exempt from public records disclosure pursuant to section 1-210.

(3) No director, officer, employee or agent of the [authority] Clean Energy Finance and Investment Authority, while acting within the scope of his or her authority, shall be subject to any personal liability resulting from exercising or carrying out any of the [authority's] Clean Energy Finance and Investment Authority's purposes or powers.

(e) The powers of the Clean Energy Finance and Investment Authority shall be vested in and exercised by a board of directors, which shall consist of eleven voting and two nonvoting members each with knowledge and expertise in matters related to the purpose and activities of [the] said authority appointed as follows: The Treasurer or the Treasurer's designee, the Commissioner of Energy and Environmental Protection or the commissioner's designee and the Commissioner of Economic and Community Development or the commissioner's designee, each serving ex officio, one member who shall represent a residential or low-income group appointed by the speaker of the House of Representatives for a term of four years, one member who shall have experience in investment fund management appointed by the minority leader of the House of Representatives for a term of three years, one member who shall represent an environmental organization appointed by the president pro tempore of the Senate for a term of four years, and one member who shall have experience in the finance or deployment of renewable energy appointed by the minority leader of the Senate for a term of four years. Thereafter, such members of the General Assembly shall appoint members of the board to succeed such appointees whose terms expire and each member so appointed shall hold office for a period of four years from the first day of July in the year of his or her appointment. The Governor shall appoint four members to the board as follows: Two for two years who shall have experience in the finance of renewable energy; one for four years who shall be a representative of a labor organization; and one who shall have experience in research and development or manufacturing of clean energy. Thereafter, the Governor shall appoint members of the board to succeed such appointees whose terms expire and each member so appointed shall hold office for a period of four years from the first day of July in the year of his or her appointment. The president of the [authority] Clean Energy Finance and Investment Authority shall be elected by the members of the board. The president of the Clean Energy Finance and Investment Authority and a member of the board of Connecticut Innovations, Incorporated, appointed by the chairperson of the corporation shall serve on the board in an ex-officio, nonvoting capacity. The Governor shall appoint the chairperson of the board.

The board shall elect from its members a vice chairperson and such other officers as it deems necessary and shall adopt such bylaws and procedures it deems necessary to carry out its functions. The board may establish committees and subcommittees as necessary to conduct its business.

(f) (1) The board shall issue annually a report to the Department of Energy and Environmental Protection reviewing the activities of the Clean Energy Finance and Investment Authority in detail and shall provide a copy of such report, in accordance with the provisions of section 11-4a, to the joint standing committees of the General Assembly having cognizance of matters relating to energy and commerce. The report shall include a description of the programs and activities undertaken during the reporting period jointly or in collaboration with the Energy Conservation and Load Management Funds established pursuant to section 16-245m.

(2) The Clean Energy Fund shall be audited annually. Such audits shall be conducted with generally accepted auditing standards by independent certified public accountants certified by the State Board of Accountancy. Such accountants may be the accountants for the **[**corporation**]** Clean Energy Finance and Investment Authority.

(3) Any entity that receives financing for a clean energy project from the fund shall provide the board an annual statement, certified as correct by the chief financial officer of the recipient of such financing, setting forth all sources and uses of funds in such detail as may be required by the authority of such project. The **[**authority**]** Clean Energy Finance and Investment Authority shall maintain any such audits for not less than five years. Residential projects for buildings with one to four dwelling units are exempt from this and any other annual auditing requirements, except that residential projects may be required to grant their utility companies' permission to release their usage data to the **[**authority**]** Clean Energy Finance and Investment Authority.

(g) There shall be a joint committee of the Energy Conservation Management Board and the Clean Energy Finance and Investment Authority board of directors, as provided in subdivision (2) of subsection (d) of section 16-245m.

BOND AUTHORIZATION/CLARITY

Sec. 159. (NEW) (*Effective July 1, 2012*) (a) The Clean Energy Finance and Investment Authority is authorized from time to time to issue its negotiable bonds for any corporate purpose. In anticipation of the sale of such bonds, the Clean Energy Finance and Investment Authority may issue negotiable bond anticipation notes and may renew the same from time to time. Such notes shall be paid from any revenues of said authority or other moneys available for such purposes and not otherwise pledged, or from the proceeds of sale of the bonds of said authority in anticipation of which they were issued. The notes shall be issued in the same manner as the bonds. Such notes and the resolution or resolutions authorizing the same may contain any provisions, conditions or limitations which a bond resolution of said authority may contain.

(b) Every issue of the bonds, notes or other obligations issued by the Clean Energy Finance and Investment Authority shall be special obligations of said authority payable from any revenues or moneys of said authority available for such purposes and not otherwise pledged, subject to any agreements with the holders of particular bonds, notes or other obligations pledging any particular revenues or moneys, and subject to any agreements with any individual, partnership, corporation or association or other body, public or private. Notwithstanding that such bonds, notes or other obligations may be payable from a special fund, they shall be deemed to be for all purposes negotiable instruments, subject only to the provisions of such bonds, notes or other obligations for registration.

(c) The bonds may be issued as serial bonds or as term bonds, or the Clean Energy Finance and Investment Authority, in its discretion, may issue bonds of both types. The bonds shall be authorized by resolution of the members of the board of directors of said authority and shall bear such date or dates, mature at such time or times, not exceeding twenty years from their respective dates, bear interest at such rate or rates, be payable at such time or times, be in such denominations, be in such form, either coupon or registered, carry such registration privileges, be executed in such manner, be payable in lawful money of the United States at such place or places, and be subject to such terms of redemption, as such resolution or resolutions may provide. The bonds or notes may be sold at public or private sale for such price or prices as said authority shall determine. The power to fix the date of sale of bonds, to receive bids or proposals, to award and sell bonds, and to take all other necessary action to sell and deliver bonds may be delegated to the chairperson or vice-chairperson of the board, a subcommittee of the board or other officers of said authority by resolution of the board. The exercise of such delegated powers may be made subject to the approval of a majority of the members of the board which approval may be given in the manner provided in the bylaws of said authority. Pending preparation of the definitive bonds, said authority may issue interim receipts or certificates which shall be exchanged for such definitive bonds.

(d) Any resolution or resolutions authorizing any bonds or any issue of bonds may contain provisions, which shall be a part of the contract with the holders of the bonds to be authorized, as to: (1) Pledges of the full faith and credit of the Clean Energy Finance and Investment Authority, the full faith and credit of any individual, partnership, corporation or association or other body, public or private, all or any part of the revenues of a project or any revenue-producing contract or contracts made by said authority with any individual, partnership, corporation or association or other body, public or private, any federally guaranteed security and moneys received therefrom purchased with bond proceeds or any other property, revenues, funds or legally available moneys to secure the payment of the bonds or of any particular issue of bonds, subject to such agreements with bondholders as may then exist; (2) the rentals, fees and other charges to be charged, and the amounts to be raised in each year thereby, and the use and disposition of the revenues; (3) the setting aside of reserves or sinking funds, and the regulation and disposition thereof; (4) limitations on the right of said authority or its agent to restrict and regulate the use of the project funded by such bonds or issue of bonds; (5) the purpose and limitations to which the proceeds of sale of any issue of bonds then or thereafter to be issued may be applied, including as authorized purposes all costs and expenses necessary or incidental to the issuance of bonds, to the acquisition of or commitment to acquire any federally guaranteed security and to the issuance and obtaining of any federally insured mortgage note, and pledging such proceeds to secure the payment of the bonds or any issue of the bonds; (6) limitations on the issuance of additional bonds, the terms upon which additional bonds may be issued and secured and the refunding of outstanding bonds; (7) the procedure, if any, by which the terms of any contract with bondholders may be amended or abrogated, the amount of bonds the holders of which must consent thereto, and the manner in which such consent may be given; (8) limitations on the amount of moneys derived from such project to be expended for operating, administrative or other expenses of said authority; (9) definitions of the acts or omissions to act which shall constitute a default in the duties of said authority to holders of its obligations and the rights and remedies of such holders in the event of a default; and (10) the mortgaging of a project and the site thereof for the purpose of securing the bondholders.

(e) Neither the members of the board of directors of the Clean Energy Finance and Investment Authority nor any person executing the bonds, notes or other obligations shall be liable personally on the bonds, notes or other obligations or be subject to any personal liability or accountability by reason of the issuance thereof.

(f) The Clean Energy Finance and Investment Authority shall have the power to purchase its bonds, notes or other obligations out of any funds available for such purposes. Said authority may hold, pledge, cancel or resell such bonds, notes or other obligations, subject to and in accordance with agreements with bondholders. Said authority may sell, transfer or assign any of its loan assets to a trustee or other third party for the purposes of providing security for its bonds, notes or other obligations, or for bonds, notes or other obligations issued by the trustee or other third party on its behalf.

(g) The Clean Energy Finance and Investment Authority is further authorized and empowered to issue bonds, notes or other obligations under this section, the interest on which may be includable in the gross income of the holder or holders thereof under the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, to the same extent and in the same manner that interest on bills, notes, bonds or other obligations of the United States is includable in the gross income of the holder or holders thereof under said internal revenue code. Any such bonds, notes or other obligations may be issued only upon a finding by said authority that such issuance is necessary, is in the public interest, and is in furtherance of the purposes and powers of said authority. The state hereby consents to such inclusion only for the bonds, notes or other obligations of said authority so issued.

(h) At the discretion of the Clean Energy Finance and Investment Authority, any bonds issued under the provisions of this section may be secured by a trust agreement by and between said authority and a corporate trustee or trustees, which may be any trust company or bank having the powers of a trust company within or without the state. Such trust agreement or the resolution providing for the issuance of such bonds or other instrument of said authority may secure such bonds by a pledge or assignment of any revenues to be received, any contract or proceeds of any contract, or any other property, revenues, moneys or funds available to said authority for such purpose. Any pledge made by said authority pursuant to this subsection shall be valid and binding from the time when the pledge is made. The lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against said authority, irrespective of whether the parties have notice of the claims. Notwithstanding any provision of the Uniform Commercial Code, no instrument by which such pledge is created need be recorded or filed except in the records of said authority. Any revenues, contract or proceeds of any contract, or other property, revenues, moneys or funds so pledged and thereafter received by said authority shall be subject immediately to the lien of the pledge without any physical delivery thereof or further act, and such lien shall have priority over all other liens. Such trust agreement or resolution may mortgage, assign or convey any real property to secure such bonds. Such trust agreement or resolution providing for the issuance of such bonds may contain such provisions for protecting and enforcing the rights and remedies of the bondholders as may be reasonable and proper and not in violation of law, including such provisions as have been specifically authorized by this section to be included in any resolution of said authority authorizing bonds thereof. Any bank or trust company incorporated under the laws of this state, which may act as depositary of the proceeds of bonds or of revenues or other moneys, may furnish such indemnifying bonds or pledge such securities as may be required by said authority. Any such trust agreement or resolution may set forth the rights and remedies of the bondholders and of the trustee or trustees, and may restrict the individual right of action by bondholders. In addition to the foregoing, any such trust agreement or resolution may contain such other provisions as said authority may deem reasonable and proper for the security of the bondholders. All expenses incurred in carrying out the provisions of such trust agreement or resolution may be treated as a part of the cost of the operation of a project.

(i) Bonds issued under the provisions of this section shall not be deemed to constitute a debt or liability of the state or of any political subdivision thereof, other than the Clean Energy Finance and Investment Authority, or a pledge of the full faith and credit of the state or any of its political subdivisions other than said authority, but shall be payable solely from the funds provided for such purposes by this section. All such bonds shall contain on the face thereof a statement to the effect that neither the state of Connecticut nor any political subdivision thereof, other than said authority, shall be obligated to pay the same or the interest thereon except from revenues of the project or the portion thereof for which such bonds are issued, and that neither the full faith and credit nor the taxing power of the state of Connecticut or of any political subdivision thereof, other than said authority, is pledged to the payment of the principal of or the interest on such bonds. The issuance of bonds under the provisions of this section shall not directly, indirectly or contingently obligate the state or any political subdivision thereof to levy or to pledge any form of taxation or to make any appropriation for the payment of such bonds. Nothing contained in this section shall prevent or be construed to prevent said authority from pledging its full faith and credit or the full faith and credit of any individual, partnership, corporation or association or other body, public or private, to the payment of bonds or issue of bonds authorized pursuant to this section.

(j) The state of Connecticut does hereby pledge to and agree with the holders of any bonds, notes or other obligations issued under this section and with those parties who may enter into contracts with the Clean Energy Finance and Investment Authority or its successor agency pursuant to the provisions of this section that the state shall not limit or alter the rights hereby vested in said authority until such obligations, together with the interest thereon, are fully met and discharged and such contracts are fully performed on the part of said authority, provided nothing contained in this subsection shall preclude such limitation or alteration if and when adequate provision is made by law for the protection of the holders of such bonds, notes or other obligations of said authority or those entering into such contracts with said authority. Said authority is authorized to include this pledge and undertaking for the state in such bonds, notes or other obligations, or contracts.

(k) (1) The Clean Energy Finance and Investment Authority is authorized to fix, revise, charge and collect rates, rents, fees and charges for the use of and for the services furnished or to be furnished by each project, and to contract with any individual, partnership, corporation or association, or other body, public or private, in respect thereof. Such rates, rents, fees and charges shall be fixed and adjusted in respect of the aggregate of rates, rents, fees and charges from such project so as to provide funds sufficient with other revenues or moneys available for such purposes, if any, (A) to pay the cost of maintaining, repairing and operating the project and each and every portion thereof, to the extent that the payment of such cost has not otherwise been adequately provided for, (B) to pay the principal of and the interest on outstanding bonds of said authority issued in respect of such project as the same shall become due and payable, and (C) to create and maintain reserves required or provided for in any resolution authorizing, or trust agreement securing, such bonds of said authority. Such rates, rents, fees and charges shall not be subject to supervision or regulation by any department, commission, board, body, bureau or agency of this state other than said authority.

(2) A sufficient amount of the revenues derived in respect of a project, except such part of such revenues as may be necessary to pay the cost of maintenance, repair and operation and to provide reserves and for renewals, replacements, extensions, enlargements and improvements as may be provided for in the resolution authorizing the issuance of any bonds of the Clean Energy Finance and Investment Authority or in the trust agreement securing the same, shall be set aside at such regular intervals as may be provided in such resolution or trust agreement in a sinking or other similar fund which is hereby pledged to, and charged with, the payment of the principal of and the interest on such bonds as the same shall become due, and the redemption price or the purchase price of bonds retired by call or purchase as therein provided. Such pledge shall be valid and binding from the time when the pledge is made. The rates, rents, fees and charges and other revenues or other moneys so pledged and thereafter received

by said authority shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against said authority, irrespective of whether such parties have notice of such claims. Notwithstanding any provision of the Connecticut Uniform Commercial Code, neither the resolution nor any trust agreement nor any other agreement nor any lease by which a pledge is created need be filed or recorded except in the records of said authority. The use and disposition of moneys to the credit of such sinking or other similar fund shall be subject to the provisions of the resolution authorizing the issuance of such bonds or of such trust agreement. Except as may otherwise be provided in such resolution or such trust agreement, such sinking or other similar fund may be a fund for all such bonds issued to finance projects for any individual, partnership, corporation or association, or other body, public or private, without distinction or priority of one over another; provided said authority in any such resolution or trust agreement may provide that such sinking or other similar fund shall be the fund for a particular project for any individual, partnership, corporation or association, or other body, public or private, and for the bonds issued to finance a particular project and may, additionally, permit and provide for the issuance of bonds having a subordinate lien in respect of the security authorized by this subsection to other bonds of said authority, and, in such case, said authority may create separate sinking or other similar funds in respect of such subordinate lien bonds.

(l) All moneys received pursuant to the provisions of this section, whether as proceeds from the sale of bonds or as revenues, shall be deemed to be trust funds to be held and applied solely as provided in this section. Any officer with whom, or any bank or trust company with which, such moneys are deposited shall act as trustee of such moneys and shall hold and apply the same for the purposes of this section, subject to the resolution authorizing the bonds of any issue or the trust agreement securing such bonds.

(m) Any holder of bonds, bond anticipation notes, other notes or other obligations issued under the provisions of this section, or any of the coupons appertaining thereto, and the trustee or trustees under any trust agreement, except to the extent the rights given by this section may be restricted by any resolution authorizing the issuance of, or any such trust agreement securing, such bonds, may, either at law or in equity, by suit, action, mandamus or other proceedings, protect and enforce any and all rights under the laws of the state or granted by this section or under such resolution or trust agreement, and may enforce and compel the performance of all duties required by this section or by such resolution or trust agreement to be performed by the Clean Energy Finance and Investment Authority or by any officer, employee or agent thereof, including the fixing, charging and collecting of the rates, rents, fees and charges authorized by this section and required by the provisions of such resolution or trust agreement to be fixed, established and collected.

(n) The Clean Energy Finance and Investment Authority shall have power to contract with the holders of any of its bonds or notes as to the custody, collection, securing, investment and payment of any reserve funds of said authority, or of any moneys held in trust or otherwise for the payment of bonds or notes, and to carry out such contracts. Any officer with whom, or any bank or trust company with which, such moneys shall be deposited as trustee thereof shall hold, invest, reinvest and apply such moneys for the purposes thereof, subject to such provisions as this section and the resolution authorizing the issue of the bonds or notes or the trust agreement securing such bonds or notes may provide.

(o) The exercise of the powers granted by this section shall be in all respects for the benefit of the people of this state, for the increase of their commerce, welfare and prosperity, and for the improvement of their health and living conditions, and, as the exercise of such powers shall constitute the performance of an essential public function, neither the Clean Energy Finance and Investment Authority, any affiliate of said authority, nor any collection or other agent of said authority nor any such affiliate shall be required to pay any taxes or assessments upon or in respect of any revenues or property received, acquired, transferred or used by said authority, any affiliate of said authority or any collection or other agent of said authority or any such affiliate or upon or in respect of the income from such revenues or property. Any bonds, notes or other obligations issued under the provisions of this section, their transfer and the income therefrom, including any profit made on the sale of such bonds, notes or other obligations, shall at all times be free from taxation of every kind by the state and by the municipalities and other political subdivisions in the state, except for estate and succession taxes. The interest on such bonds, notes or other obligations shall be included in the computation of any excise or franchise tax.

(p) (1) The Clean Energy Finance and Investment Authority is hereby authorized to provide for the issuance of bonds of said authority for the purpose of refunding any bonds of said authority then outstanding, including the payment of any redemption premium thereon and any interest accrued or to accrue to the earliest or subsequent date of redemption, purchase or maturity of such bonds, and, if deemed advisable by said authority, for the additional purpose of paying all or any part of the cost of constructing and acquiring additions, improvements, extensions or enlargements of a project or any portion thereof.

(2) The proceeds of any such bonds issued for the purpose of refunding outstanding bonds may, at the discretion of the Clean Energy Finance and

Investment Authority, be applied to the purchase or retirement at maturity or redemption of such outstanding bonds either on their earliest or any subsequent redemption date or upon the purchase or at the maturity thereof and may, pending such application, be placed in escrow to be applied to such purchase or retirement at maturity or redemption on such date as may be determined by said authority.

(3) Any such escrowed proceeds, pending such use, may be invested and reinvested in direct obligations of, or obligations unconditionally guaranteed by, the United States and certificates of deposit or time deposits secured by direct obligations of, or obligations unconditionally guaranteed by, the United States, or obligations of a state, a territory, or a possession of the United States, or any political subdivision of any of the foregoing, within the meaning of Section 103(a) of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as amended from time to time, the full and timely payment of the principal of and interest on which are secured by an irrevocable deposit of direct obligations of the United States which, if the outstanding bonds are then rated by a nationally recognized rating agency, are rated in the highest rating category by such rating agency, maturing at such time or times as shall be appropriate to assure the prompt payment, as to principal, interest and redemption premium, if any, of the outstanding bonds to be so refunded. The interest, income and profits, if any, earned or realized on any such investment or reinvestment may also be applied to the payment of the outstanding bonds to be so refunded. After the terms of the escrow have been fully satisfied and carried out, any balance of such proceeds and interest, income and profits, if any, earned or realized on the investments or reinvestments thereof may be returned to the Clean Energy Finance and Investment Authority for use by it in any lawful manner.

(4) The portion of the proceeds of any such bonds issued for the additional purpose of paying all or any part of the cost of constructing and acquiring additions, improvements, extensions or enlargements of a project or any portion thereof may be invested and reinvested as the provisions of this section and the resolution authorizing the issuance of such bonds or the trust agreement securing such bonds may provide. The interest, income and profits, if any, earned or realized on such investment or reinvestment may be applied to the payment of all or any part of such cost or may be used by the Clean Energy Finance and Investment Authority in any lawful manner.

(5) All such bonds shall be subject to the provisions of this section in the same manner and to the same extent as other bonds issued pursuant to this section, section 160 or 161 of this act or section 16-245n of the general statutes, as amended by this act.

(q) Bonds issued by the Clean Energy Finance and Investment Authority under the provisions of this section are hereby made securities in which all public officers and public bodies of the state and its political subdivisions, all insurance companies, state banks and trust companies, national banking associations, savings banks, savings and loan associations, investment companies, executors, administrators, trustees and other fiduciaries may properly and legally invest funds, including capital in their control or belonging to them. Such bonds are hereby made securities which may properly and legally be deposited with and received by any state or municipal officer or any agency or political subdivision of the state for any purpose for which the deposit of bonds or obligations of the state is now or may hereafter be authorized by law.

(r) In conjunction with the issuance of the bonds, notes or other obligations, the Clean Energy Finance and Investment Authority may: (1) Make representations and agreements for the benefit of the holders of the bonds, notes or other obligations to make secondary market disclosures; (2) enter into interest rate swap agreements and other agreements for the purpose of moderating interest rate risk on the bonds, notes or other obligations; (3) enter into such other agreements and instruments to secure the bonds, notes or other obligations; and (4) take such other actions as necessary or appropriate for the issuance and distribution of the bonds, notes or other obligations and may make representations and agreements for the benefit of the holders of the bonds, notes or other obligations which are necessary or appropriate to ensure exclusion of the interest payable on the bonds, notes or other obligations from gross income under the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as amended from time to time.

Sec. 160. (NEW) (*Effective July 1, 2012*) (a) The Clean Energy Finance and Investment Authority may issue clean energy bonds secured in whole or in part by the assets of, and assessment of charges and other receipts deposited into, the Clean Energy Fund established pursuant to section 16-245n of the general statutes, as amended by this act. The clean energy bonds shall be nonrecourse to the credit or any assets of the state or said authority.

(b) The state of Connecticut does hereby pledge to and agree with the owners and holders of the clean energy bonds that the state shall not limit or alter the assessment of charges pursuant to subsection (b) of section 16-245n of the general statutes, as amended by this act, and all rights thereunder, until the clean energy bonds, together with the interest thereon, are fully met and discharged, provided nothing contained in this subsection shall preclude such limitation or alteration if and when adequate provision is made by law for the protection of the owners and holders of such bonds. The Clean Energy Finance and Investment Authority is authorized to include this pledge and undertaking for the state in the clean energy bonds.

(c) The clean energy bonds shall not be deemed to constitute a debt or liability of the state or of any political subdivision thereof, other than the Clean Energy Finance and Investment Authority, or a pledge of the full faith and credit of the state or any of its political subdivisions, other than said authority, but shall be payable solely from the funds provided under section 16-245n of the general statutes, as amended by this act, and shall not constitute an indebtedness of the state within the meaning of any constitutional or statutory debt limitation or restriction and accordingly shall not be subject to any statutory limitation on the indebtedness of the state and shall not be included in computing the aggregate indebtedness of the state in respect to and to the extent of any such limitation. This subsection shall not preclude bond guarantees or enhancements as provided in subsection (d) of section 16-245n of the general statutes, as amended by this act. All clean energy bonds shall contain on the face thereof a statement to the following effect: "Neither the full faith and credit nor the taxing power of the State of Connecticut is pledged to the payment of the principal of, or interest on, this bond."

(d) The exercise of the powers granted by this section and section 16-245n of the general statutes, as amended by this act, shall be in all respects for the benefit of the people of this state, for the increase of their commerce, welfare and prosperity, and as the exercise of such powers shall constitute the performance of an essential public function, neither the Clean Energy Finance and Investment Authority, any affiliate of said authority, nor any collection or other agent of said authority or any such affiliate shall be required to pay any taxes or assessments upon or in respect of any revenues or property received, acquired, transferred or used by said authority, any affiliate of said authority or any collection or other agent of said authority or any such affiliate, or upon or in respect of the income from such revenues or property. Any bonds, notes or other obligations issued under the provisions of this section, their transfer and the income therefrom, including any profit made on the sale of such bonds, notes or other obligations, shall at all times be free from taxation of every kind by the state and by the municipalities and other political subdivisions in the state except for estate and succession taxes. The interest on such bonds, notes and other obligations shall be included in the computation of any excise or franchise tax.

(e) The proceeds of any clean energy bonds shall be used for the purposes of the Clean Energy Finance and Investment Authority in accordance with section 16-245n of the general statutes, as amended by this act.

SPECIAL CAPITAL RESERVE FUND (SCRF)

Sec. 161. (NEW) (*Effective July 1, 2012*) (a) For purposes of this section, "required minimum capital reserve" means the maximum amount permitted to be deposited in a special capital reserve fund by the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as amended from time to time, to permit the interest on such bonds to be excluded from gross income for federal tax purposes and secured by such special capital reserve fund.

(b) In connection with the issuance of bonds or to refund bonds previously issued by the Clean Energy Finance and Investment Authority, or in connection with the issuance of bonds to effect a refinancing or other restructuring with respect to one or more projects, said authority may create and establish one or more reserve funds to be known as special capital reserve funds, and may pay into such special capital reserve funds (1) any moneys appropriated and made available by the state for the purposes of such special capital reserve funds, (2) any proceeds of the sale of notes or bonds, to the extent provided in the resolution of said authority authorizing the issuance thereof, and (3) any other moneys which may be made available to said authority for the purpose of such special capital reserve funds from any other source or sources.

(c) The moneys held in or credited to any special capital reserve fund established under this section, except as hereinafter provided, shall be used for (1) the payment of the principal of and interest, when due, whether at maturity or by mandatory sinking fund installments, on bonds of the Clean Energy Finance and Investment Authority secured by such special capital reserve fund as such payments become due, or (2) the purchase of such bonds of said authority and the payment of any redemption premium required to be paid when such bonds are redeemed prior to maturity, including in any such case by way of reimbursement of a provider of bond insurance or of a credit or liquidity facility that has paid such redemption premiums. Notwithstanding the provisions of subdivisions (1) and (2) of this subsection, said authority may provide that moneys in any such special capital reserve fund shall not be withdrawn therefrom at any time in such amount as would reduce the amount of such moneys to less than the maximum amount of principal and interest becoming due by reasons of maturity or a required sinking fund installment in the then current or any succeeding calendar year on the bonds of said authority then outstanding, or less than the required minimum capital reserve, except for the purpose of paying such principal of, redemption premium and interest on such bonds of said authority secured by such special capital reserve becoming due and for the payment of which other moneys of said authority are not available. Said authority may provide that it shall not issue bonds secured by a special capital reserve fund at any time if the required minimum capital reserve on the bonds outstanding and the bonds then to be issued and secured by the same special capital reserve fund at the time of issuance exceeds the moneys in the special capital reserve fund, unless said authority, at the time of the issuance of such bonds, deposits in such special capital reserve fund from the proceeds of the bonds so to be issued, or from other sources, an amount which, together with the amount then in such special capital reserve fund, will be not less than the required minimum capital reserve.

(d) Prior to December first, annually, the Clean Energy Finance and Investment Authority shall deposit into any special capital reserve fund, the balance of which has fallen below the required minimum capital reserve of such fund, the full amount required to meet the minimum capital reserve of such fund, as available to said authority from any resources of said authority not otherwise pledged or dedicated to another purpose. On or before December first, annually, but after said authority has made such required deposit, there is deemed to be appropriated from the General Fund such sums, if any, as shall be certified by the chairperson or vice-chairperson of the Clean Energy Finance and Investment Authority to the Secretary of the Office of Policy and Management, the State Treasurer and the joint standing committees of the General Assembly having cognizance of matters relating to finance, revenue and bonding and energy, as necessary to restore each such special capital reserve fund to the amount equal to the required minimum capital reserve of such fund, and such amounts shall be allotted and paid to said authority. For the purpose of evaluation of any such special capital reserve fund, obligations acquired as an investment for any such special capital reserve fund shall be valued at market. Nothing contained in this section shall preclude said authority from establishing and creating other debt service reserve funds in connection with the issuance of bonds or notes of said authority which are not special capital reserve funds. Subject to any agreement or agreements with holders of outstanding notes and bonds of said authority, any amount or amounts allotted and paid to said authority pursuant to this subsection shall be repaid to the state from moneys of said authority at such time as such moneys are not required for any other of said authority's corporate purposes, and in any event shall be repaid to the state on the date one year after all bonds and notes of said authority theretofore issued on the date or dates such amount or amounts are allotted and paid to said authority or thereafter issued, together with interest on such bonds and notes, with interest on any unpaid installments of interest and all costs and expenses in connection with any action or proceeding by or on behalf of the holders thereof, are fully met and discharged.

(e) No bonds secured by a special capital reserve fund shall be issued to pay project costs unless the Clean Energy Finance and Investment Authority is of the opinion and determines that the revenues from the project shall be sufficient to (1) pay the principal of and interest on the bonds issued to finance the project, (2) establish, increase and maintain any reserves deemed by said authority to be advisable to secure the payment of the principal of and interest on such bonds, (3) pay the cost of maintaining the project in good repair and keeping it properly insured, and (4) pay such other costs of the project as may be required.

(f) Notwithstanding the provisions of this section, no bonds secured by a special capital reserve fund shall be issued by the Clean Energy Finance and Investment Authority until and unless such issuance has been approved by the Secretary of the Office of Policy and Management or his or her deputy. Any such approval by the secretary pursuant to this subsection shall be in addition to (1) the otherwise required opinion of sufficiency by said authority set forth in subsection (e) of this section, and (2) the approval of the State Treasurer or the Deputy State Treasurer and the documentation by said authority otherwise required under subsection (a) of section 1-124 of the general statutes, as amended by this act. Such approval may provide for the waiver or modification of such other requirements of this section as the secretary determines to be necessary or appropriate in order to effectuate such issuance, subject to all applicable tax covenants of said authority and the state.

(g) Notwithstanding any other provision contained in this section, the aggregate amount of bonds secured by such special capital reserve fund authorized to be created and established by this section shall not exceed fifty million dollars.

Sec. 162. Subdivision (2) of subsection (a) of section 32-141 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2012*):

(2) The total amount of private activity bonds which may be issued by state issuers in the calendar year commencing January 1, 2007, and each calendar year thereafter, under the state ceiling in effect for each such year, shall be allocated as follows: (A) Sixty per cent to the Connecticut Housing Finance Authority; (B) twelve and one-half per cent to the Connecticut Development Authority; and (C) twenty-seven and one-half per cent to municipalities and political subdivisions, departments, agencies, authorities and other bodies of municipalities, **[**and**]** the Connecticut Higher Education Supplemental Loan Authority <u>and the Clean Energy Finance and Investment Authority</u>, then to the Connecticut Student Loan Foundation and then for contingencies. At least ten per cent of bonds allocated under subparagraph (A) of this subdivision shall be used for multifamily residential housing in the calendar year commencing January 1, 2008. In each calendar year commencing January 1, 2009, fifteen per cent of such bonds shall be used for multifamily residential housing.

QUASI-PUBLIC CLARITY

Sec. 163. Subsection (l) of section 1-79 of the 2012 supplement to the general statutes, as amended by section 1 of public act 12-147, is repealed and the following is substituted in lieu thereof (*Effective July 1, 2012*):

(l) "Quasi-public agency" means the Connecticut Development Authority, Connecticut Innovations, Incorporated, Connecticut Health and Education Facilities Authority, Connecticut Higher Education Supplemental Loan Authority, Connecticut Housing Finance Authority, Connecticut Housing Authority, Connecticut Resources Recovery Authority, Lower Fairfield County Convention Center Authority, Capital Region Development Authority, Connecticut Lottery Corporation, Connecticut Airport Authority, Health Information Technology Exchange of Connecticut, **[**and**]** Connecticut Health Insurance Exchange and Clean Energy Finance and Investment Authority.

Sec. 164. Subdivision (1) of section 1-120 of the 2012 supplement to the general statutes, as amended by section 2 of public act 12-147, is repealed and the following is substituted in lieu thereof (*Effective July 1, 2012*):

(1) "Quasi-public agency" means the Connecticut Development Authority, Connecticut Innovations, Incorporated, Connecticut Health and Educational Facilities Authority, Connecticut Higher Education Supplemental Loan Authority, Connecticut Housing Finance Authority, Connecticut Housing Authority, Connecticut Resources Recovery Authority, Capital Region Development Authority, Connecticut Lottery Corporation, Connecticut Airport Authority, Health Information Technology Exchange of Connecticut, **[**and**]** Connecticut Health Insurance Exchange and Clean Energy Finance and Investment Authority.

SCRF CLARITY

Sec. 165. Section 1-124 of the 2012 supplement to the general statutes, as amended by section 3 of public act 12-147, is repealed and the following is substituted in lieu thereof (*Effective July 1, 2012*):

(a) The Connecticut Development Authority, the Connecticut Health and Educational Facilities Authority, the Connecticut Higher Education Supplemental Loan Authority, the Connecticut Housing Finance Authority, the Connecticut Housing Authority, the Connecticut Resources Recovery Authority, the Health Information Technology Exchange of Connecticut, the Connecticut Airport Authority, the Capital Region Development Authority, **[**and**]** the Connecticut Health Insurance Exchange and the Clean Energy Finance and Investment Authority shall not borrow any money or issue any bonds or notes which are guaranteed by the state of Connecticut or for which there is a capital reserve fund of any kind which is in any way contributed to or guaranteed by the state of Connecticut until and unless such borrowing or issuance is approved by the State Treasurer or the Deputy State Treasurer appointed pursuant to section 3-12. The approval of the State Treasurer or said deputy shall be based on documentation provided by the authority that it has sufficient revenues to (1) pay the principal of and interest on the bonds and notes issued, (2) establish, increase and maintain any reserves deemed by the authority to be advisable to secure the payment of the principal of and interest on such bonds and notes, (3) pay the cost of maintaining, servicing and properly insuring the purpose for which the proceeds of the bonds and notes have been issued, if applicable, and (4) pay such other costs as may be required.

(b) To the extent the Connecticut Development Authority, Connecticut Innovations, Incorporated, Connecticut Higher Education Supplemental Loan Authority, Connecticut Housing Finance Authority, Connecticut Housing Authority, Connecticut Resources Recovery Authority, Connecticut Health and Educational Facilities Authority, the Health Information Technology Exchange of Connecticut, the Connecticut Airport Authority, the Capital Region Development Authority, **[**or**]** the Connecticut Health Insurance Exchange or the Clean Energy Finance and Investment Authority is permitted by statute and determines to exercise any power to moderate interest rate fluctuations or enter into any investment or program of investment or contract respecting interest rates, currency, cash flow or other similar agreement, including, but not limited to, interest rate or currency swap agreements, the effect of which is to subject a capital reserve fund which is in any way contributed to or guaranteed by the state of Connecticut, to potential liability, such determination shall not be effective until and unless the State Treasurer or his or her deputy appointed pursuant to section 3-12 has approved such agreement or agreements. The approval of the State Treasurer or his or her deputy shall be based on documentation provided by the authority that it has sufficient revenues to meet the financial obligations associated with the agreement or agreements.

Sec. 166. Section 1-125 of the 2012 supplement to the general statutes, as amended by section 4 of public act 12-147, is repealed and the following is substituted in lieu thereof (*Effective July 1, 2012*):

The directors, officers and employees of the Connecticut Development Authority, Connecticut Innovations, Incorporated, Connecticut Higher Education Supplemental Loan Authority, Connecticut Housing Finance Authority, Connecticut Housing Authority, Connecticut Resources Recovery Authority, including ad hoc members of the Connecticut Resources Recovery Authority, Connecticut Health and Educational Facilities Authority, Capital Region Development Authority, the Health Information Technology Exchange of Connecticut, Connecticut Airport Authority, Connecticut Lottery Corporation, **[**and**]** Connecticut Health Insurance Exchange <u>and the Clean Energy Finance and Investment Authority</u> and any person executing the bonds or notes of the agency shall not be liable personally on such bonds or notes or be subject to any personal liability or accountability by reason of the issuance thereof, nor shall any director or employee of the agency, including ad hoc members of the Connecticut Resources Recovery Authority, be personally liable for damage or injury, not wanton, reckless, wilful or malicious, caused in the performance of his or her duties and within the scope of his or her employment or appointment as such director, officer or employee, including ad hoc members of the Connecticut Resources Recovery Authority. The agency shall protect, save harmless and indemnify its directors, officers or employees, including ad hoc members of the Connecticut Resources Recovery Authority, from financial loss and expense, including legal fees and costs, if any, arising out of any claim, demand, suit or judgment by reason of alleged negligence or alleged deprivation of any person's civil rights or any other act or omission resulting in damage or injury, if the director, officer or employee, including ad hoc members of the Connecticut Resources Recovery Authority, is found to have been acting in the discharge of his or her duties or within the scope of his or her employment and such act or omission is found not to have been wanton, reckless, wilful or malicious.

<u>PROJECT 150 EXTENSION AUTHORITY</u>

Sec. 171. Subdivision (2) of subsection (j) of section 16-244c of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(2) Notwithstanding the provisions of subsection (d) of this section regarding an alternative transitional standard offer option or an alternative standard service option, an electric distribution company providing transitional standard offer service, standard service, supplier of last resort service or back-up electric generation service in accordance with this section shall, not later than July 1, 2008, file with the Public Utilities Regulatory Authority for its approval one or more long-term power purchase contracts from Class I renewable energy source projects with a preference for projects located in Connecticut that receive funding from the Clean Energy Fund and that are not less than one megawatt in size, at a price that is either, at the determination of the project owner, (A) not more than the total of the comparable wholesale market price for generation plus five and one-half cents per kilowatt hour, or (B) fifty per cent of the wholesale market electricity cost at the point at which transmission lines intersect with each other or interface with the distribution system, plus the project cost of fuel indexed to natural gas futures contracts on the New York Mercantile Exchange at the natural gas pipeline interchange located in Vermillion Parish, Louisiana that serves as the delivery point for such futures contracts, plus the fuel delivery charge for transporting fuel to the project, plus five and one-half cents per kilowatt hour. In its approval of such contracts, the authority shall give preference to purchase contracts from those projects that would provide a financial benefit to ratepayers and would enhance the reliability of the electric transmission system of the state. Such projects shall be located in this state. The owner of a fuel cell project principally manufactured in this state shall be allocated all available air emissions credits and tax credits attributable to the project and no less than fifty per cent of the energy credits in the Class I renewable energy credits program established in section 16-245a attributable to the project. On and after October 1, 2007, and until September 30, 2008, such contracts shall be comprised of not less than a total, apportioned among each electric distribution company, of one hundred twenty-five megawatts; and on and after October 1, 2008, such contracts shall be comprised of not less than a total, apportioned among each electrical distribution company, of one hundred fifty megawatts. The Public Utilities Regulatory Authority shall not issue any order that results in the extension of any in-service date or contractual arrangement made as a part of Project 100 or Project 150 beyond the termination date previously approved by the authority established by the contract, provided any party to such contract may provide a notice of termination in accordance with the terms of, and to the extent permitted under, its contract<u>, except the</u>

authority shall grant, upon request, and extension of such latest in-service date by twelve months for any project located in a distressed municipality, as defined in section 32-9p, with a population of more than one hundred twenty-five thousand. The cost of such contracts and the administrative costs for the procurement of such contracts directly incurred shall be eligible for inclusion in the adjustment to the transitional standard offer as provided in this section and any subsequent rates for standard service, provided such contracts are for a period of time sufficient to provide financing for such projects, but not less than ten years, and are for projects which began operation on or after July 1, 2003. Except as provided in this subdivision, the amount from Class I renewable energy sources contracted under such contracts shall be applied to reduce the applicable Class I renewable energy source portfolio standards. For purposes of this subdivision, the **[**department's**]** authority's determination of the comparable wholesale market price for generation shall be based upon a reasonable estimate. On or before September 1, 2011, the authority, in consultation with the Office of Consumer Counsel and the Clean Energy Finance and Investment Authority, shall study the operation of such renewable energy contracts and report its findings and recommendations to the joint standing committee of the General Assembly having cognizance of matters relating to energy.

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CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

Memo

To: Clean Energy Finance and Investment Authority Board of Directors

From: Bob Wall

Date: June 13, 2012

Re: State Energy Marketing Campaign – "Energize Connecticut"

Background - At the December 16, 2011 meeting, this Board authorized staff to work in partnership with the Department of Energy and Environmental Protection, the Energy Efficiency Board (EEB) and its consultants as well as the electric and natural gas companies to develop a unified statewide energy marketing campaign for Connecticut. The Board approved funding of up to $250,000 by CEFIA for this initiative in an amount that is not to exceed one-third of the amount committed by the EEB. A Marketing Services Committee (MSC) was established with three voting members: CEFIA, EEB and DEEP.

In January 2012, the MSC issued a Request for Proposals that sought to create a campaign brand, public relations and outreach strategy and a unified website designed to drive all consumer classes to take deeper and broader actions with respect to energy efficiency and renewable energy. The RFP attracted interest from more than 70 entities from throughout the country and, ultimately, 19 teams (most of which consisted of multiple partners) submitted bids on the project in early February. The MSC requested presentations from 8 teams and, after narrowing the field to 4 and then 2 candidates, selected a national team that is partially Connecticut-based led by CLEAResult, which also includes Opinion Dynamics (market research), Roboboogie (web developer) and CJP Communications (public relations)(hereinafter, referred to collectively as "Vendor"). After extensive discussions relating to the scope of services desired by the MSC, a contract was entered into with the Vendor for a total of $769,198, which does not include various optional deliverables or full build-out of the website.

Market Research – In an effort to better understand consumer motivations and attitudes, the Vendor conducted five focus groups and a sixth series of interviews with residential, small business and contractors in two discrete geographical areas (lower Fairfield county and greater Hartford areas). Those sessions yielded a "Brand Platform" or principles to guide the subsequent development of a campaign initiative name, logo, tagline and website that can be summarized as follows:

- **Accessible –** The initiative provides actionable choices presented in a way that is engaging, intuitive, personally relevant and easy to understand.
- **Inclusive** - The initiative facilitates participation in comprehensive energy efficiency and renewable energy opportunities for diverse Connecticut audiences.
- **Trustworthy –** Backed by the state, supported by communities and delivered by the market, the initiative can be trusted to provide access to meaningful benefits.
- **Empowering –** Whether you're a residential or business energy consumer, a contractor or other market actor, the initiative puts you in control of your energy future.

A series of examples in the initiative name, logo and tagline were vetted by the MSC to narrow the choices, which were tested subsequently through an on-line survey by the Vendor. After extensive discussions and exploration of variations on preferred choices and following consultation with the Governor's office and DEEP officials, the MSC approved the following:

Campaign Name – Energize Connecticut (see attached power point for logo selection)

Tagline – Empowering You to Make Smart Energy Choices

Governor Malloy is scheduled to give the keynote address at the Northeast Energy Efficiency Partnership (NEEP) Summit in Stamford on June 14, during which he will unveil the state's new energy campaign. The vendor has also created a temporary landing page that will serve as a placeholder for the full website but is intended to drive energy customers seeking to take immediate action to current websites. The NEEP Summit will serve as a "soft launch" of the initiative as this event is focused on energy efficiency and will include a primarily business audience. The full launch of the program will take place in the fall to coincide with the development of the full website and a more comprehensive public relations campaign.

Website – The vendor has conducted interviews with representatives of the MSC and reviewed all current web pages and miscellaneous state energy programs to develop a web architecture and strategy for the build-out of the full website. At the same time, the MSC, led by Deputy Commissioner Dykes, is meeting regularly to explore optimal navigation strategies, tools and national best practices to guide its work with the Vendor. In the next few weeks, the Vendor is tasked with providing a proposal for the full website development and the MSC must decide whether to move forward with this developer's plan or seek an alternative provider, all of which would be subject to a separate contract that would be in addition to the existing Work Plan and Budget.

Keynote Address

Governor Dannel P. Malloy - Connecticut

2012 Northeast Energy Efficiency Summit

June 14, 2012

www.EnergizeCT.com

Empowering you to make smart energy choices

energize CONNECTICUT

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CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

Memo

To: Clean Energy Finance and Investment Authority Board of Directors

From: Bob Wall

Date: June 13, 2012

Re: Solarize Connecticut

At its meeting on February 14, 2012, this Board passed a resolution, subject to the recommendation of the President in consultation with the Chairperson and/or Vice-Chairperson that it is in the best interests of CEFIA (which was subsequently approved), authorizing CEFIA to implement a pilot program for an amount not to exceed $250,000 that seeks to drive down both the hard and soft costs associate with residential solar PV. This pilot is intended to accelerate community adoption of solar PV using a blend of the "Solarize" aggregation model and localized marketing and customer acquisition strategies developed in various programs in Portland, Oregon; Massachusetts and Arizona.

CEFIA was able to leverage matching funds of $200,000 (a portion of which is from the John Merck Fund) to work with SmartPower, the nation's leading non-profit organization dedicated to promoting clean, renewable energy and energy efficiency. In addition to partnering with CEFIA with respect to the award-winning Clean Energy Communities program in Connecticut and making Connecticut #7 in the country of over 800 utilities offering green pricing programs, SmartPower led the highly successful Arizona Solar Challenge.

On May 22, representatives of CEFIA, SmartPower and the Massachusetts Clean Energy Center met to discuss the rollout of the "Solarize Connecticut" pilot. The team received an overview of and lessons learned from the Massachusetts program and discussed a timeline for the Connecticut program, which will be conducted in two phases.

The first phase will include the selection of four cities or towns in July, while the second phase will include an additional four communities in or about November 2012. More than 100 participants in CEFIA's Clean Energy Communities program received a pre-notice that was followed by a Request for Information. Interested applicants must submit by no later than June 29 a proposal including a statement of commitment, identification of a municipal representative, commitment to recruit "solar ambassadors" (volunteers to promote and educate the community about solar) and a community outreach plan including potential team, marketing ideas and information on local permitting practices.

The team has also issued a pre-notice to all Approved Contractors from CEFIA's Residential Solar Investment Program in anticipation of the issuance of a Request for Proposals that will be issued in mid-July, coinciding with the announcement of the first four selected municipalities. Interested installers will be asked to submit tiered pricing bids for both purchase and lease (to the extent the installer offers a lease product) that will result in progressively greater reduction of costs for all customers as higher tiers of aggregate solar capacity are reached. Installers will be allowed to bid on no more than two municipalities. The team will work with the selected communities to choose a sole source installer for the respective cities and towns by early August.

Simultaneously, the team has initiated development of marketing tools for this program, including creation of a logo, a landing page on CEFIA's website and Frequently Asked Questions. A customized marketing and education toolkit, including town-specific web pages, will be offered to participating communities and will feature lawn signs, banners, educational materials and customer tools. In addition, Solar 101 and 201 workshops will be delivered in each community (team representatives are scheduled to attend a similar workshop in Palmer, Massachusetts on June 13.)

The customer sign-up for the first phase will run from late August through mid-December 2012 with a deadline for all applications approximately one week after the sign-up phase ends. The second phase will feature similar timelines during the first half of 2013. All installations are required to be completed within one year from the incentive award date.

The early response from both communities and installers has been overwhelmingly positive. A number of towns have already expressed strong interest in participating in this program. Although the Request for Proposals from installers has not yet been released, many are familiar with the similar program in Massachusetts and are excited by the new opportunities to expand the market for solar in Connecticut. We have, however, received a cautionary note from one installer who fears that this program might create confusion among certain customers by seemingly limiting their choices. We will work with the various market participants to educate them on their full range of opportunities and abilities to compete in communities selected for this pilot. Ultimately, we believe that the competitive pricing structure of the Solarize model will result in installers lowering their prices, as was the case in other states.

An additional issue concerns the desire to obtain bids for both purchasing and leasing options in that, as of this date, only three large, national installers have registered on the Approved Contractor list for the Third Party Owners model. We shall revisit this issue and potentially revise the RFP to allow for "sole source" installers for each option within a community. This would balance the interests of Connecticut-based vs. national installers and allow for the continued growth of the solar leasing market.

The key goals we have established for the Solarize Connecticut test pilot are (1) to reduce customer acquisition costs for solar PV below the $250-$500/kW industry standard, and (2) reduce installed costs below $4.25/W – a point where we believe subsidies will no longer be required and could be replaced with financing.

Program Review

CEFIA Budget & Operations Committee

May 8, 2012

37
- Programs/Initiatives from Budget

26
- Actual Programs with FY12 Budget

8
- Recommendation to Continue

GOAL 1

Feasibility Studies

Feasibility Study Grants provides financial support for assessing the technical and economic feasibility of clean energy systems. It incentivizes clean energy generation for the wholesale and retail market through project-specific feasibility studies and pre-development support. This program is intended to increase the ability of businesses or developers and commercial ratepayers to make informed decisions about using clean energy systems by understanding and solving technical and economic uncertainties.

Staff

Dale Hedman, lead
Dave Ljungquist

Goal

Complete feasibility studies and other pre-development activities associated with a decision whether or not to pursue the development of fifteen (15) projects.

Budget/Progress

Fiscal Year 2011-2012

	Goal	Budget
	Support up to 15 projects	$750,000
Progress	6 projects	$271,600
Result	40%	36.2%

FEASIBILITY STUDIES - Proposed Fiscal Year 2013

Goal	Budget
	$250,000

PRE-DEVELOPMENT LOANS – Proposed Fiscal Year 2013

Goal	Budget
	$505,000

Program Timeline/Transition Recommendation

CEFIA recommends that the Feasibility Studies program be split into two separate programs:

- Feasibility Studies program which offers up to $50,000 to assess the technical and economic feasibility of clean energy systems.
- Pre-Development Loans program which offers loans or grants of up to $250,000 for projects under 5 MW and loans or grants up to $500,000 for over 5 MW.

On-Site Renewable Distributed Generation Program

Non-Residential Market Best of Class RFP

The On-Site Renewable Distributed Generation Program (OSDG) is a flexible, integrated-technology, financial support program designed to stimulate demand for "behind the meter" installations of renewable energy at commercial, industrial, institutional (CI&I), not-for-profit, and governmental buildings, and affordable housing in Connecticut.

Staff

Dale Hedman, lead

Rick Ross

Christin Cifaldi

Goal

Through a competitive RFP process, incentivize a minimum of 10 projects that produce up to 3.5 MW of renewable power.

Budget/Progress

Fiscal Year 2011-2012

	Goal	Goal	Budget
	Support a minimum of 10 projects	Produce 3.5 MW	$8,860,000
Progress	12	1.0	$2,799,131
Result	120%	28.6%	31.6%

Program Timeline/Transition Recommendation

OSDG will be discontinued after the current round of funding is completed. Staff is presenting the first batch of proposals to the Deployment Committee on May 3 and the final batch will be presented at the next Deployment Committee meeting.

On-Site Renewable Distributed Generation Program

Non-Residential Market EPA Climate Leaders RFP

The On-Site Renewable Distributed Generation Program (OSDG) is a flexible, integrated-technology, financial support program designed to stimulate demand for "behind the meter" installations of renewable energy at commercial, industrial, institutional (CI&I), not-for-profit, and governmental buildings, and affordable housing in Connecticut. The EPA Climate Leaders RFP offers incentives to install approximately 0.8 MW Class I renewable energy systems to businesses that agree to join the EPA Climate Leaders Program and commit to specific program requirements.

Staff

Dale Hedman, lead

Goal

Produce up to 2 MW of renewable power

Budget/Progress

Fiscal Year 2011-2012

	Goal	Budget
	Produce 2 MW	$5,000,000
Progress	0	0
Result	0%	0%

Program Timeline/Transition Recommendation

No activity has occurred for this program. There are no plans to initiate or continue the program so there are no activities to transition.

On-Site Renewable Distributed Generation Program

Affordable Housing RFP

The On-Site Renewable Distributed Generation Program (OSDG) is a flexible, integrated-technology, financial support program designed to stimulate demand for "behind the meter" installations of renewable energy at commercial, industrial, institutional (CI&I), not-for-profit, and governmental buildings, and affordable housing in Connecticut. The Affordable Housing RFP incentivizes clean energy generation for multi-family affordable housing through a competitive RFP.

Staff

Dale Hedman, lead

Goal

Install 1.2 MW of Class 1 clean energy projects on affordable housing

Budget/Progress

Fiscal Year 2011-2012

	Goal	Budget
	Install 1.2 MW	$4,000,000
Progress	0	$100,000
Result	0%	2.5%

Program Timeline/Transition Recommendation

No activity has occurred for this program. There are no plans to initiate or continue the program so there are no activities to transition.

Public Buildings

The Public Buildings program utilizes ARRA and RGGI funding to incentivize Class 1 clean energy projects on public buildings.

Staff

Dale Hedman, lead

Rick Ross

Christin Cifaldi

Goal

Install 5.2 MW of Class 1 clean energy generation on public buildings

Budget/Progress

Fiscal Year 2011-2012

	Goal	Budget
	Install 5.2 MW	$13,500,000
Progress	1.8	$4,936,066
Result	34.6%	36.6%

Program Timeline/Transition Recommendation

Funding was allocated for Public Buildings in the final round of OSDG RFPs. Staff is presenting the first batch of proposals to the Deployment Committee on May 3 and the final batch will be presented at the next Deployment Committee meeting. This program will be phased out after this final round of funding is complete.

Residential Solar Program

The Residential Solar Program incentivizes the installation of solar PV systems of ten kW or less on homes by offering rebates for the purchase of a system or through a solar lease.

Staff

Dale Hedman, lead
Christin Cifaldi

Budget/Progress

Solar Lease
2008 - 2011

	Goal	Budget
	Install 1,000 systems	$38,000,000
Progress	860	$35,869,000
Result	86%	94%

Solar Rebate
Fiscal Year 2011-2012

	Budget
	$6,500,000
Progress	$2,048,000
Result	32%

Program Timeline/Transition Recommendation

Section 106 of Public Act 11-80 directed CEFIA to establish a similar Residential Solar PV Investment Program, which will utilize both rebates and leasing to result in at least 30 MW of residential solar PV installations by December 31, 2022.

Solar Thermal Program

The Solar Thermal program was initiated with ARRA funding in 4Q2009 to offer rebates for the installation of residential and commercial solar hot water systems.

Staff

David Ljungquist, lead

Bill Colonis, Neil McCarthy, Lynne Lewis

Goal

Install 94 commercial systems and 470 residential systems

Budget/Progress

The original budget was $4,000,000, allocated as $3,600,000 for rebates and $400,000 for administrative costs. In 2011, $1,000,000 was "repurposed" for a Residential Financing Program.

Fiscal Year 2009-2010

Commercial	Goal	Budget
	Support 32 Solar Thermal systems	$480,000
Progress	12	$521,200
Result	37.5%	108.6%

Residential	Goal	Budget
	Support 170 Solar Thermal systems	$514,000
Progress	55	$118,200
Result	32.4%	23.0%

Fiscal Year 2011-2012

Commercial	Goal	Budget
	Support 45 Solar Thermal systems	$1,030,300
Progress	45	$1,030,300
Result	100%	100%

Residential	Goal	Budget
	Support 219 Solar Thermal systems	$1,030,300
Progress	144	$1,030,300
Result	65.8%	100%

Program Timeline/Transition Recommendation

CEFIA is developing a Residential Clean Energy Financing Program which will support solar thermal installations. A temporary program for residential systems is underway way to bridge the gap between the ARRA program and the financing program. A competitive commercial program will be launched in May to bridge the gap between the ARRA program and CPACE.

Geothermal Program

The Geothermal program was initiated with ARRA funding in 2009 to offer rebates for the installation of residential and commercial ground source heat pump systems.

Staff

David Ljungquist, lead
Bill Colonis
Neil McCarthy
Lynne Lewis

Goal

Install 150 commercial systems and 900 residential systems

Budget/Progress

The original budget was $5,000,000, allocated as $4,500,000 for rebates and $500,000 for administrative costs. In 2011, $1,550,000 was “repurposed” for a Residential Financing Program.

Fiscal Year 2009-2010

Commercial	Goal	Budget
	Support 5 Geothermal systems	$548,300
Progress	12	$521,200
Result	240.0%	95.1%

Residential	Goal	Budget
	Support 64 Geothermal systems	$482,000
Progress	105	$819,200
Result	164.1%	170.0%

Fiscal Year 2011-2012

Commercial	Goal	Budget
	Support 11 Geothermal systems	$882,300
Progress	4	$882,300
Result	36.4%	100%

Residential	Goal	Budget
	Support 105 Geothermal systems	$882,300
Progress	294	$882,300
Result	208%	100%

Program Timeline/Transition Recommendation

The geothermal program has completed its final round of funding and will not be continued.

Revolving Loan Fund

Create a revolving loan fund that will leverage private and federal dollars for clean energy projects.

Staff

Dale Hedman, lead

Goal

Create and implement a revolving loan fund

Budget/Progress

Fiscal Year 2011-2012

	Budget
	$3,500,000
Progress	0
Result	0%

Program Timeline/Transition Recommendation

Given CEFIA's new mission, this program will remain and a fund structure will be developed.

Strategic Investment Fund

The Strategic Investment Fund will invest in mission-related, high-potential opportunities that meet 3 of the following criteria:

1. Special Capabilities – the opportunity is presented by a party with exceptional experience, expertise or availability or holding patent or other proprietary rights of special value to CEFIA
2. Uniqueness – the opportunity is one-of-a-kind by virtue of location, high visibility, and leverage with other already committed public or private funding or similar attributes
3. Strategic Importance – the opportunity has exceptionally strong compatibility with the mission of CEFIA or offers CEFIA an organizational role, participation in governance, a formative or other key role in the industry, high funding leverage potential, broad market reach, exceptional educational or public relations value, or similar special strategic advantages important to CEFIA
4. Urgency and Timeliness – there is an urgent need to act on the opportunity as a result of public exigency or emergency, or a strategically important opportunity would become unavailable as a result of delay, or it would take an unacceptable length of time for a similar opportunity to reach the same level of readiness
5. Multiphase Project or Follow-On Investment – the opportunity relates to the next phase of a multiphase proposal or the expenditure is necessary to support or protect an existing CEFIA investment of initiative

Staff

David Goldberg, lead

Goal

Consider at 10 investments

Budget/Progress

Fiscal Year 2011-2012

	Goal	Budget
	Consider 10 investments	$1,600,000
Progress	0	413,500
Result	0%	25.8%

Proposed Fiscal Year 2013

Goal	Budget
	$750,000

Program Timeline/Transition Recommendation

The Strategic Investment Program will be continued in FY13 to give the CEFIA the opportunity to invest in worthy projects.

GOAL 2

Alpha Program

The Alpha Program invests in early-stage, high-potential renewable energy companies and technologies that employ advanced energy methods including renewable energy, energy efficiency, and advanced energy storage techniques to creatively address Connecticut's energy issues. The Alpha Program seeks to invest in technologies beyond the stage of basic research and development, which requires further testing in a laboratory or simulated environment. Approved proposals receive a combination $50,000 grant and a $150,000 nonrecourse loan.

Staff

Kim Stevenson, lead
Selya Price

Goal

Fund up to 6 proposals

Budget/Progress

Fiscal Year 2011-2012

	Goal	Budget
	Support up to 6 proposals	$1,200,000
Progress	0	$77,200
Result	0%	6%

Proposed Fiscal Year 2013

Goal	Budget
Project management of Alpha investments	$100,000

Program Timeline/Transition Recommendation

The final Alpha RFP closed and CEFIA staff is presenting proposals to the Technology Innovation Committee on May 7th.

Technology innovation is no longer a focus of CEFIA so the Alpha program is transitioning. CEFIA is in negotiations with Connecticut Innovations to take on the program or project pipeline.

Operational Demonstration Program

The Operational Demonstration Program (Op-Demo) makes up to a $500,000 loan to demonstrate the commercial viability and ability of emerging technologies and integrated systems to address commercial problems. The funding may be used to demonstrate individual technologies or integrated technology solutions that employ advanced energy methods including renewable energy, energy efficiency, and advanced energy storage techniques.

Staff

Kim Stevenson, lead
Selya Price

Goal

Fund up to 4 proposals

Budget/Progress

Fiscal Year 2011-2012

	Goal	Budget
	Support up to 4 proposals	$2,000,000
Progress	0	$0
Result	0%	0%

Proposed Fiscal Year 2013

Goal	Budget
	$250,000

Program Timeline/Transition Recommendation

The final Op-Demo RFP has closed and the proposals are being reviewed by outside subject-matter experts. The proposals that pass this review will be presented to the Technology Innovation Committee in July.

Technology innovation is no longer a focus of CEFIA so the Op-Demo program is transitioning. CEFIA is in negotiations with Connecticut Innovations to take on the program or project pipeline.

Clean Tech Fund

Invest in early-stage renewable energy companies that employ advanced energy methods including renewable energy, energy efficiency, and advanced energy storage techniques. DECD, CI, and the CCEF have pledged funds to create a nine million dollar ($9,000,000) Clean Tech fund to be used for equity investments in promising clean energy and clean technology ventures. While the DECD and CI portions may be applied to the broader definition of clean technologies including clean water initiatives, the CCEF funds may be applied only to deals that fall within the purview of the CCEF's mandate and CCEF investments must be approved by the CCEF Board's Technology Programs Committee.

Staff

Keith Frame, lead

Goal

Fund at least 2 opportunities

Budget/Progress

Fiscal Year 2011-2012

	Goal	Budget
	Fund at least 2 opportunities	$1,500,000
Progress	0	$0
Result	0%	0%

Program Timeline/Transition Recommendation

No activity has occurred under this program and it has been phased out.

Fuel Cell Monitoring Program

The Fuel Cell Performance Monitoring (FCPM) program is intended to actively monitor operational, experiential, and economic performance data from Connecticut-deployed fuel cell projects to substantiate the value proposition for fuel cell technologies. It seeks to make this information accessible to potential investors, procurers and manufacturers of fuel cells in order to reduce the perception of the risk of owning or investing in this technology. Power Management Concepts (PMC) has been contracted through a rigorous RFP process to design, build, and administer this program.

Staff

Keith Frame, lead
Kim Stevenson

Goal

Acquire, display and deploy ongoing monitoring results to stakeholders

Budget/Progress

Fiscal Year 2011-2012

	Budget
	$200,000
Progress	$108,000
Result	54%

Program Timeline/Transition Recommendation

Given CEFIA's new focus, the Fuel Cell Monitoring Program is being phased out. The technology innovation team is working with an outside consultant to evaluate the program and develop lessons learned.

Small Wind Monitoring Program

The Small Wind Monitoring Program will address information gaps that impede investment in or adoption of small wind technologies. Three sites have been identified through a competitive RFP. These sites, Coventry, Lebanon and Meriden, have been permitted, towers have been installed and instrumented, wind data has been acquired, and are all slated to have turbines mounted in July 2010. A fourth site in New Haven is under construction.

Staff

Keith Frame, lead

Goal

Determine the feasibility of establishing a small wind rebate program and disseminate performance data and analysis on up to four small wind turbines.

Budget/Progress

Fiscal Year 2011-2012

	Budget
	$100,000
Progress	$89,700
Result	90%

Program Timeline/Transition Recommendation

Given CEFIA's new focus, the Small Wind Monitoring Program will be phased out.

Technology Assessment Program

The Technology Assessment Program assesses emergent high potential opportunities for clean energy technology development.

Staff

Kim Stevenson, lead
Selya Price

Goal

Assist Connecticut state and quasi-public agencies with evaluating technology proposals.

Program Timeline/Transition Recommendation

CEFIA will retain technical staff to continue the Technology Assessment Program and budget funds for technical and resource assessments.

Net-Zero Carbon Integrated Energy Demonstration Project

The Net-Zero Energy Program addresses information gaps that impede investment in or adoption of net zero energy solutions.

Staff

Keith Frame, lead

Goal

Model, demonstrate, and assess the full economic and environmental value proposition of integrated renewable energy, advanced energy efficiency, and smart grid systems will identify those with economic/commercial potential to achieve net-zero carbon impact in Connecticut.

Budget/Progress

Fiscal Year 2011-2012

	Budget
	$1,000,000
Progress	$0
Result	0%

Program Timeline/Transition Recommendation

No activity has occurred under this program and it will be phased out.

Clean Energy Innovation Cluster

The Clean Energy Innovation Cluster seeks to help to initiate, form, and lead a clean energy innovation cluster in Connecticut focused on deploying the Navigant New Technology Investment Strategy to grow the clean energy economy in Connecticut.

Staff

Kim Stevenson, lead

Selya Price

Goal

Clean Energy Innovation Cluster organized, planned, and implementation initiated.

Budget/Progress

Fiscal Year 2011-2012

	Budget
	$300,000
Progress	$0
Result	0%

Program Timeline/Transition Recommendation

Given CEFIA's new focus, the Clean Energy Innovation Cluster activities are being transitioned. The Technology Innovation Committee and CEFIA staff is in talks with other organizations to take on CEFIA's role in the cluster.

GOAL 3

Clean Energy Communities

Clean Energy Communities

The Clean Energy Communities program serves as a platform for municipalities to lead by example in their support of energy efficiency and renewable energy and thereby encourage residents, businesses and institutions within the community and other cities and towns throughout the state to adopt similar measures. The program also doubles as a clean energy marketing campaign that has generated significant earned media and voluntary education and outreach within the communities. Since its launch in 2005, the program has evolved through three major phases and will now feature several further changes including the formal partnership with the Connecticut Energy Efficiency Fund (CEEF) as co-administrator of the program, performance-based incentives for meeting both renewable energy and energy efficiency milestones and bonuses for additional actions that demonstrate that a community is "investment ready" for clean energy (e.g., adoption of streamlined permitting and planning and zoning processes, commercial PACE, high performance building codes, finance seminars in conjunction with strategic partners such as realtor groups and chambers of commerce).

Under the new program requirements, municipalities must meet the following requirements:

1. Pledge to reduce energy consumption in municipal facilities by at least 20% by 2018; municipalities must perform energy benchmarking and develop a Municipal Action Plan (MAP); municipalities must meet annual reduction targets and gradually build towards overall goal, which aligns with the State's Lead by Example campaign.
2. Pledge to increase use of renewable energy to meet electricity needs at municipal facilities by at least 20% by 2018; municipalities must make annual purchase targets through installation of renewable energy systems, purchase of Green-e certified Renewable Energy Credits or enrollment in CTCleanEnergyOptions.
3. Encourage residents, businesses and institutions within the community to participate in CEFIA or CEEF programs; with respect to renewable energy, towns earn points based on installation of renewable energy systems or enrollments in CTCleanEnergyOptions; with respect to energy efficiency, towns earn points based on participation in Home Energy Solutions, residential efficiency upgrades such as insulation or appliances and commercial or municipal participation in relevant programs.

Successful municipalities can earn clean energy systems (such as solar PV, solar hot water and solar daylighting) from CEFIA and "Bright Ideas Grants" (for energy-savings or carbon-reduction projects) from CEEF. Bonuses are available for municipalities that achieve special milestones (e.g., EPA Green Power Communities Program) or take other actions to accelerate adoption of energy efficiency and renewable energy.

Staff

Bob Wall, lead

Robert Schmitt

Bill Colonis

Goal

- Voluntary support for clean energy reaches at least 3% of state electricity demand
- At least 400 kW of clean energy systems are earned by participating communities

Budget/Progress

Fiscal Year 2011-2012

	Goal	Goal	Budget
	400 kW earned	Clean energy support at least 3% of CT electricity demand	$3,670,000
Progress	337	1.9%	$1,069,400
Result	84%	63%	29%

Program Timeline/Transition Recommendation

Maintain

Clean Energy Communities

Community Innovations Grants Program

The Community Innovations Grants Program (CIGP) provides eligible communities with block grants to support local public awareness projects to accelerate the growth of the voluntary market for clean energy and leverage program funding to create model, sustainable communities throughout Connecticut. The current program is designed to provide grants of $4,000 for up to ninety-five (95) municipalities that have committed to the Clean Energy Communities program and $1,000 for ten (10) "at-large" recipients that have not yet committed to the Communities program.

The CIGP is an amalgamation of several community-based development models including the micro-lending aspects of the Grameen Bank, small project assistance grants of the U.S. Peace Corps, and the grass-roots environmental support programs of the New England Grassroots Environmental Fund.

Participating communities are required to attend a training workshop on soliciting grant applications, selecting project recipients, and administering and accounting for grant funds. The clean energy task force may provide individual awards in amounts ranging from two hundred fifty dollars ($250) to two thousand dollars ($2,000) to organizations or citizens for projects that drive demand for clean energy within their community. To further manage the transaction and accountability risks for the use of these funds, individual grant recipients are required to submit final reports to the task force upon completion of their projects and task forces are required to submit semiannual reports to the CEFIA. The program guidelines will be modified to allow funds to be used for energy benchmarking efforts as well as support for the "investment ready for clean energy" initiatives including education and outreach on new energy financing mechanisms.

Staff

Bob Wall, lead
Robert Schmitt

Goal

At least 200 projects are funded and 50 towns receive grants

Budget/Progress

Fiscal Year 2011-2012

	Goal	Budget
	50 communities	$243,000
Progress	10	$45,000
Result	20%	18.5%

Program Timeline/Transition Recommendation

Maintain

Clean Energy Communities

High Performance Schools Program

The High-Performance Schools Program is a multiple-year program that seeks to transform the way public school buildings are designed and constructed in Connecticut. Ultimately, the CCEF anticipates that this program will accelerate the adoption of green building standards among all sectors in Connecticut, with an emphasis on achieving greater energy efficiency and incorporating renewable energy technologies.

The goal of this multi-year endeavor is to leverage resources, expertise, and knowledge in order to transform how Connecticut schools are designed and built and to motivate municipalities and regional school districts to include high-performance features and clean distributed generation as standard components in future schools. The program will be an integrated campaign of policy initiatives, collaborative action, targeted outreach, technical assistance, financing and measurement, evaluation, and documentation of results.

Staff

Bob Wall, lead

Goal

Fifteen public schools will adopt high-performance standards, at least eight of which will include renewable systems.

Budget/Progress

Fiscal Year 2011-2012

	Goal	Budget
	8 schools	$2,675,000
Progress	0	$0
Result	0%	0%

Program Timeline/Transition Recommendation

Phase out

Clean Energy Communities

Net Zero Energy Homes

This pilot program promotes the adoption of green buildings through development, in partnership with the CEEF, to encourage net zero energy homes featuring renewable energy systems.

Staff

Bob Wall, lead

Goal

Develop a pilot program in partnership with CEEF

Budget/Progress

Fiscal Year 2011-2012

	Budget
	$200,000
Progress	$0
Result	0%

Program Timeline/Transition Recommendation

No activity has occurred under this program and it will be phased out.

Education and Training Programs

Learning for Clean Energy Innovation

The Learning for Clean Energy Innovation Program (LCEI Program) is a professional development opportunity for Connecticut teachers focused on renewable energy sources. Developed in consultation with the Connecticut Department of Education and a Professional Development Working Group consisting of education experts and NREL, this program offers solar and wind energy lessons that are aligned with the ninth-grade Connecticut Core Science Curriculum Framework. The program is offered statewide and will provide education for teachers on how to incorporate specially designed alternative energy lessons into their existing curriculum. Ultimately, the program will provide teacher training workshops, curriculum materials, and a unique Clean Energy classroom toolkit.

The LCEI Program was expanded to work directly with the Connecticut Technical High School System and help the state's efforts with green job training. The new collaboration with the technical high school system is called LCEI-Tech. Key design elements of the LCEI-Tech program include curriculum development, hands-on learning labs, and the potential for industry partnerships that support the program through donations, curriculum input from industry practitioners, and internships and apprenticeships for students.

Staff

Bob Wall, lead
Jocelyn Anastasiou (former staff)

Goal

Support 100 teachers for solar and wind lessons at training labs at 6 Technical High Schools

Budget/Progress

Fiscal Year 2011-2012

	Goal	Budget
	100 teachers	$676,000
Progress	9 schools	$248,902
Result	9%	36.8%

Program Timeline/Transition Recommendation

Expend the remaining budget to close out CEFIA's support of the LECI program and transition the program to the Efficiency Fund where Jocelyn Anastasiou is managing it.

Education and Training Programs

Educational Accreditation

A critical element to developing and supporting the clean energy industry in Connecticut is providing training programs designed to meet the industry's needs for skilled workers.

Through a workforce development program, the CCEF will help position Connecticut as a leader in the clean energy market through a well-trained, educated workforce that meets industry needs and provides opportunities for those seeking to enter the industry. The workforce development program will support education and training opportunities that align with Connecticut's energy goals and bolster economic growth.

Staff

Bob Wall, lead
Jocelyn Anastasiou (former staff)

Goal

7 educational institutions accredited to provide students with Green Job credentials

Budget/Progress

Fiscal Year 2011-2012

	Goal	Budget
	7 institutions	$400,000
Progress	7	$380,500
Result	100%	95.1%

Program Timeline/Transition Recommendation

Transition.

Education and Training Programs

New Education and Green Job Programs

The Connecticut Clean Energy Fund has invested strategically in education and outreach programs that are designed to engage communities, businesses, families, teachers, and students in learning about clean energy and its benefits to society. Ultimately, these programs seek to achieve long-term market transformation.

The CCEF will issue a competitive RFP once a new program scope has been established. By issuing a competitive RFP, the CCEF can ensure that additional education programs are developed to stimulate the voluntary market for clean energy and tie to existing programs offered by the CCEF. Ultimately, the CCEF will be able to advance formal and informal clean energy and climate change education and support community-based initiatives designed to promote sustainable living for the benefit of Connecticut.

Staff

Bob Wall, lead
Jocelyn Anastasiou (former staff)

Goal

Develop offerings

Budget/Progress

Fiscal Year 2011-2012

	Budget
	$500,000
Progress	$23,100
Result	4.6%

Program Timeline/Transition Recommendation

This program was a follow-on to the Educational Accreditation program. The RFP was not issued but one award was granted. This program will be phased out.

Education and Training Programs

Clean Energy Climate Solutions Program

The Clean Energy Climate Solutions (CECS) program is an initiative aimed at testing, evaluating, and adapting educational materials that will teach Connecticut residents about clean energy as an important solution to climate change. The project will be performed by the Connecticut Science Center Collaborative (CSCC) and managed by Clean Air – Cool Planet (CA-CP), a 501(c)3 nonprofit organization. The CCEF investment in this program is leveraged with philanthropic community funding including the Emily Hall Tremaine Foundation.

The CECS program intends to create a network of exhibits, programs, and activities that will involve informal education centers initially that receive collectively approximately two million (2,000,000) visitors per year. The initial CECS pilot program targeted ten (10) centers but was expanded to fifteen (15) CSCC members..

Through this program, CEFIA anticipates that Connecticut Science Center members and trustees will play a strategic leadership role in disseminating information and influencing public opinion related to climate change and clean, renewable energy. Furthermore, it is expected that these programs will result in long-term market transformations by engaging visitors to learn about and take action on clean energy as a significant solution to addressing climate change. The expectation is that as the general public becomes more knowledgeable about clean energy, they will make more informed energy purchase decisions and support the clean energy industry.

Staff

Bob Wall, lead
Robert Schmitt

Goal

Support 15 science centers/museums

Budget/Progress

Fiscal Year 2011-2012

	Goal	Budget
	15	$236,000
Progress	15	$76,100
Result	100%	32.3%

Program Timeline/Transition Recommendation

We will complete our funding obligations and phase this program out.

FY13 BUDGET ATTACHMENT

Clean Energy Finance and Investment Authority
FY 2013 Operating and Program Budget
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Page

Clean Energy Finance and Investment Authority

FY 13 Operations and Program Budget

Statement of Revenues and Expenses and Changes in Net Assets

(in thousands)

		TRANSITION			MAINTAIN				STATUTORY				
	General Operations	**Alpha Program**	**Op Demo Program**	**Education & Training Programs**	**Clean Energy Communities**	**Community Innovation Grants**	**Project Opportunities Fund**	**Strategic Investment Fund**	**Solar PV Investment Program**	**Anaerobic Digestor Pilot**	**CHP Pilot**	**Condo Renewable Energy Grants**	**Green Loan Guaranty Fund**
<u>Revenues</u>													
Utility customer assessments	$ 28,000.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
RGGI auction proceeds	$ 2,000.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Interest on bank deposits	$ 120.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Renewable Energy Credits,net of fees	$ 50.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Interest Income - Solar Lease Notes, net of fees	$ 150.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Grant income		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other income	$ 75.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total revenues:	$ 30,395.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
<u>Expenditures</u>													
<u>Compensation</u>													
-Salaries & Wages - CEFIA Employees	$ 1,251.8	$ 61.0	$ 115.0	$ -	$ 51.4	$ -	$ -	$ -	$ 244.8	$ 54.8	$ 54.8	$ -	$ -
-Salaries & Wages - CI Shared Services	$ 361.4	$ 68.3	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-Employee Benefits - CEFIA Employees	$ 776.1	$ 37.8	$ 71.3	$ -	$ 31.9	$ -	$ -	$ -	$ 151.8	$ 34.0	$ 34.0	$ -	$ -
-Employee Benefits - CI Shared Services	$ 224.3	$ 42.3	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
<u>Consulting and professional fees</u>													
- Legal	$ 35.0	$ 15.0	$ 15.0	$ -	$ -	$ -	$ 15.0	$ -	$ 5.0	$ -	$ -	$ -	$ 50.0
- Accounting & Audit	$ 25.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
- Consulting fees	$ 85.0	$ 100.0	$ 250.0	$ -	$ 40.0	$ -	$ 100.0	$ 25.0	$ -	$ 25.0	$ 25.0	$ 10.0	$ 50.0
- Project Inspection Fees		$ -	$ -	$ -	$ 8.3	$ -	$ -	$ -	$ 175.0	$ 25.0	$ 25.0	$ -	$ -
<u>Marketing/External relations</u>	$ 311.1	$ -	$ -	$ -	$ 5.0	$ 2.5	$ 75.0	$ -	$ 300.0	$ -	$ -	$ -	$ -
<u>EM&V</u>		$ -	$ -	$ -	$ 65.0	$ 10.0	$ -	$ -	$ 100.0	$ 10.0	$ 10.0	$ 10.0	$ -
<u>Rent and location related expenses</u>													
-Rent/Utilities/Maintenance	$ 277.9	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-Telephone/Communications	$ 54.3	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-Equipment & storage space rental	$ 16.7	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-Depreciation FF&E	$ 92.9	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
<u>Office, computer & other expenses</u>													
-Office expense	$ 62.1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-Computer operations	$ 61.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 100.0	$ -	$ -	$ -	$ -
-Subscriptions	$ 18.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-Training and education	$ 44.8	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 50.0	$ -	$ -	$ -	$ -
-Temporary employees	$ 25.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-Travel,meeting& related expenses	$ 63.2	$ -	$ 5.0	$ -	$ 5.0	$ 5.0	$ 5.0	$ -	$ 50.0	$ 2.5	$ 2.5	$ 2.5	$ -
-Insurance	$ 58.1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
<u>Expenditures of Grant Income</u>		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
<u>Financial Incentives/Loans</u>		$ -	$ 2,000.0	$ 400.0	$ 650.0	$ 200.0	$ 1,000.0	$ 500.0	$ 9,333.0	$ 2,000.0	$ 2,000.0	$ 250.0	$ -
Total Expenditures:	$ 3,843.8	$ 324.4	$ 2,456.3	$ 400.0	$ 856.5	$ 217.5	$ 1,195.0	$ 525.0	$ 10,509.6	$ 2,151.2	$ 2,151.2	$ 272.5	$ 100.0
FY 2013 change in fund net assets:													
Net Assets-7 01 2012:													
Net Assets-6 30 2013:													

	COMMERCIAL & INDUSTRIAL			NON-PROFIT		RESIDENTIAL										
							<--------------------Grants------------------->									
Grid-Tied R.E. Projects	Loans	Credit Enhancement	CPACE	Loans	Credit Enhancement	Loans	Clean Energy Financing Program	Clean Energy Financial Innovation	Lead by Example	Neighbor Energy Challenge	Sun Rise New England	Total Programs	Total Operations & Program Budget	% of Total Expenditures		
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 28,000.0			
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,000.0			
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 120.0			
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 50.0			
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 150.0			
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,861.6	$ 1,500.0	$ 25.0	$ 1,400.0	$ 481.5	$ 10,268.1	$ 10,268.1			
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 75.0			
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,861.6	$ 1,500.0	$ 25.0	$ 1,400.0	$ 481.5	$ 10,268.1	$ 40,663.1			
$ -	$ 319.6	$ -	$ 183.0	$ 62.0	$ -	$ 171.3	$ -	$ -	$ 25.0	$ 21.0	$ 74.8	$ 1,438.3	$ 2,690.1	3.5%		
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 10.0	$ 5.4	$ 83.7	$ 445.1	0.6%		$ 3,135.2
$ -	$ 198.2	$ -	$ 113.5	$ 38.4	$ -	$ 106.2	$ -	$ -	$ 15.5	$ 13.0	$ 46.4	$ 891.9	$ 1,668.0	2.2%		
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 6.0	$ 3.3	$ 51.6	$ 275.9	0.4%		$ 1,943.9
$ 15.0	$ 20.0	$ -	$ 75.0	$ -	$ -	$ 60.0	$ -	$ -	$ -	$ -	$ -	$ 270.0	$ 305.0	0.4%		
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 25.0	0.0%		
$ -	$ 600.0	$ -	$ 75.0	$ -	$ 100.0	$ 100.0	$ -	$ -	$ -	$ -	$ -	$ 1,500.0	$ 1,585.0	2.1%		
$ -	$ -	$ -	$ -	$ -	$ 50.0	$ -	$ -	$ -	$ -	$ -	$ -	$ 283.3	$ 283.3	0.4%		
$ -	$ 125.0	$ -	$ 300.0	$ -	$ -	$ 375.0	$ -	$ -	$ -	$ -	$ -	$ 1,182.5	$ 1,493.6	2.0%		
$ -	$ -	$ -	$ 50.0	$ -	$ -	$ 50.0	$ -	$ -	$ -	$ -	$ -	$ 305.0	$ 305.0	0.4%		
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 277.9	0.4%		
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 54.3	0.1%		
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 16.7	0.0%		
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 92.9	0.1%		
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 62.1	0.1%		
$ -	$ -	$ -	$ 30.0	$ -	$ -	$ 25.0	$ -	$ -	$ -	$ -	$ -	$ 155.0	$ 216.0	0.3%		
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 18.0	0.0%		
$ -	$ -	$ -	$ 10.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 60.0	$ 104.8	0.1%		
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 25.0	0.0%		
$ -	$ -	$ -	$ 20.0	$ -	$ 2.5	$ -	$ -	$ -	$ -	$ -	$ -	$ 100.0	$ 163.2	0.2%		
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 58.1	0.1%	13.4%	
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,350.0	$ 357.0	$ 1,707.0	$ 1,707.0	2.2%	2.2%	
$ 11,000.0	$ 5,000.0	$ 2,500.0	$ 813.6	$ 3,000.0	$ 5,000.0	$ 10,000.0	$ 7,000.0	$ 1,361.6	$ -	$ -	$ 48.0	$ 64,056.2	$ 64,056.2	84.4%	84.4%	
$ 11,015.0	$ 6,262.7	$ 2,500.0	$ 1,670.1	$ 3,100.4	$ 5,152.5	$ 10,887.5	$ 7,000.0	$ 1,361.6	$ 40.5	$ 1,400.0	$ 534.8	$ 72,084.3	$ 75,928.1	100.0%	100.0%	
													$ (35,265.0)			
													$ 35,250.0			
													$ (15.0)			

Clean Energy Finance and Investment Authority
FY 13 Operations and Program Budget
Utility Customer assessment Projections
(in thousands)

	FY 12 Budget	FY12 Actual		(Under) Over FY 12	FY13 Budget	(Under) Over FY12 Budget
July	$ 2,429	$ 2,588	A	$ 160	$ 2,600	$ 12
August	$ 2,592	$ 2,800	A	$ 208	$ 2,800	$ 0
September	$ 2,468	$ 2,347	A	$ (121)	$ 2,400	$ 53
October	$ 2,145	$ 2,086	A	$ (59)	$ 2,100	$ 14
November	$ 2,035	$ 1,988	A	$ (46)	$ 2,000	$ 12
December	$ 2,335	$ 2,194	A	$ (141)	$ 2,300	$ 106
January	$ 2,721	$ 2,405	A	$ (316)	$ 2,700	$ 295
February	$ 2,360	$ 2,270	A	$ (90)	$ 2,400	$ 130
March	$ 2,188	$ 2,189	A	$ 1	$ 2,200	$ 11
April	$ 2,225	$ 2,208	A	$ (17)	$ 2,300	$ 92
May	$ 1,971	$ 1,780	A	$ (191)	$ 2,000	$ 220
June	$ 2,047	$ 2,047	B	$ -	$ 2,200	$ 153
Total assessments:	$ 27,515	$ 26,902		$ (613)	$ 28,000	$ 1,098
				-2.2%		3.9%

Clean Energy Finance and Investment Authority
FY 2013 Operations and Program Budget
Employee Costs Summary
(in thousands)

	Current Compensation	FY 13 Budgeted Compensation	Budgeted Increase in $	Budgeted % Increase	Fringes at 62%	Total Compensation & Fringe
CEFIA Employees						
CEFIA Employees:	$ 2,520.0	$ 2,690.0	$ 170.0	7%	$ 1,667.8	$ 4,357.8
CEFIA Employees - Non Grant Activities:		$ 2,569.2			$ 1,592.9	$ 4,162.1
CEFIA Employees - Grant Activities:		$ 120.8			$ 74.9	$ 195.7
CI Shared Employees (CEFIA Compensation is total comp x CEFIA %)						
CI Shared Employees:	$ 334.3	$ 376.8	$ 42.5	13%	$ 233.6	$ 610.4
CI Shared Employees - Non Grant Activities:		$ 361.4			$ 224.3	$ 585.8
CI Shared Employees - Grant Activities:		$ 15.4			$ 9.3	$ 24.7
CI Tech Manager		$ 68.3			$ 42.3	
Totals:	$ 2,854.3	$ 3,135.1	$ 280.8	10%	$ 1,943.7	$ 5,078.8

CEFIA FTE:	$ 28.0	$ 29.0	1.0	3.6%
CI FTE:	5.0	5.5	0.5	10.0%
Total FTE:	33.0	34.5	1.5	4.5%
Current Vacancies:	4.0		(4.0)	
Projected New Hires:		5.5	5.5	
			1.5	

Clean Energy Finance and Investment Authority
FY 2013 Operations and Program Budget
Staffing Plan

	Position	% CEFIA	FY12 Staffing Plan	FY 13 Staffing Plan
	CEFIA Employees			
1	President, CEFIA	100%	X	X
2	Chief of Staff	100%	X	X
3	Executive Vice President and Chief Investment Officer	100%	X	X
4	General Counsel	100%	X	X
5	Director,Government and External Relations	100%	X	X
6	Director of Renewable Energy Deployment	100%	X	X
7	Director of Energy Efficiency Deployment	100%	X	X
8	Director,Energy Market Initiatives	100%	X	X
9	Director,PACE (new hire FY13)	100%		X
10	Director, New Technologies. (vacant not filling in FY 13)	100%	X	
11	Associate Director,Finance (new hire FY13)	100%		X
12	Associate Director of Technology Innovation	100%	X	X
13	Senior Manager of Clean Energy Deployment	100%	X	X
14	Senior Manager of Marketing and Outreach	100%	X	X
15	Senior Manager of Marketing and Outreach	100%	X	X
16	Manager of Clean Energy Deployment	100%	X	X
17	Manager of Clean Energy Deployment	100%	X	X
18	Manager of Evaluation Measurement and Verification	100%	X	X
19	Associate,Finance (new hire FY13)	100%		X
20	Associate,Finance (new hire FY13)	100%		X
21	Associate of Clean Energy Deployment	100%	X	X
22	Associate, New Technologies	100%	X	X
23	Associate of Marketing and Outreach	100%	X	X
24	Associate,PACE (new hire FY13)	100%		X
25	Associate of Technology Innovation (vacant not filling in FY13)	100%	X	
26	Associate of Clean Energy Deployment (vacant not filling in FY13)	100%	X	
27	Associate of Clean Energy Deployment (vacant not filling in FY13)	100%	X	
28	Project Assistant	100%	X	X
29	Project Assistant	100%	X	X
30	Project Assistant	100%	X	X
31	Paralegal	100%	X	X
32	Executive Assistant	100%	X	X
33	Administrative Assistant	100%	X	X
34	Program Manager - Lead by Example (Tremaine Foundation)	100%	X	X
	CI Shared Employees			
1	VP Finance and Administration	50%	X	X
2	Manager,Human Resources - PT	50%	X	X
3	Director IT and Facilities	50%	X	X
4	Senior IT Systems Administrator (new hire FY13)	50%		X
5	IT and Software Training	50%	X	X
6	Controller	50%	X	X
7	Senior Accountant	50%	X	X
8	Accounting Assistant	100%	X	X
9	Payroll and AP	50%	X	X
10	Technology Innovation Investment Mgr	70%		X
11	Receptionist	50%	X	X

Clean Energy Finance and Investment Authority
FY 2013 Operations and Program Budget
Consulting and Professional Fees - Operations
(in thousands)

	FY 2012 Budget	FY 2013 Budget	FY 2013 Budget Inc. (Dec.)	% Inc.(Dec.)
Summary:				
Legal	100.0	35.0	(65.0)	-65%
Accounting	21.0	25.0	4.0	19%
Advisory fees	50.0	85.0	35.0	70%
	171.0	145.0	(26.0)	-15%
Detail:				
Legal				
CEFIA Board of Directors	10.0	5.0	(5.0)	
Comprehensive Plan/Programs	15.0	10.0	(5.0)	
Other legal matters	75.0	20.0	(55.0)	
	100.0	35.0	(65.0)	
Accounting				
	21.0	25.0	4.0	
Advisory Fees				
Consultants:				
New Program Development	10.0	-	(10.0)	
Recruiting Efforts	10.0	10.0	-	
Management Development	5.0	5.0	-	
Compensation Study	-	40.0	40.0	
Strategic Plan/Process Improvement Consulting	10.0	20.0	10.0	
IT Systems Engineer	10.0	-	(10.0)	
Other	5.0	10.0	5.0	
	50.0	85.0	35.0	

Clean Energy Finance and Investment Authority
FY 2013 Operations and Program Budget
Marketing and External Relations - Operations
(in thousands)

	FY 2012 Budget	FY 2013 Budget	FY 2013 Budget Inc. (Dec)	% Inc. (Dec)
Media Relations(1)	**15.00**	**22.50**	**7.50**	50%
Marketing Collateral(2)	**18.00**	**13.00**	**(5.00)**	-28%
Annual report design & printing	5.00	5.00	-	
Program collateral	10.00	5.00	(5.00)	
Promotional Items	3.00	3.00	-	
Website	**35.00**	**20.00**	**(15.00)**	-43%
Sponsorship & Event Expenses	**45.50**	**62.00**	**16.50**	36%
CCEF Annual Awards Event	15.00	10.00	(5.00)	
CPES WTD Conference	2.00	2.50	0.50	
Matchmaking Events (2)	-	20.00	20.00	
NESEA	4.00	4.00	-	
New Haven Green Expo	2.50	2.50	-	
CCM Annual Event	7.00	5.00	(2.00)	
CCIC	-	1.00	1.00	
CBIA Sustainability	-	2.00	2.00	
Unidentified	15.00	15.00	-	
Advertising & Branding	**20.00**	**15.00**	**(5.00)**	-25%
Memberships	**87.10**	**88.60**	**1.50**	2%
Clean Energy States Alliance	68.48	68.48	-	
CCAT	-	2.50	2.50	
US Fuel Cell Council	6.00	2.00	(4.00)	
Miscellaneous Memberships:	12.63	15.63	3.00	
Other- General	**15.00**	**90.00**	**-**	0%
Market Analysis	-	75.00	75.00	
Misc.	15.00	15.00	-	
Total External Relations:	**235.60**	**311.10**	**0.50**	0%

(1) Creative writing services for annual report,speeches,editing,press releases, clipping services, purchases of TV footage, purchases of radio coverage, media consulting services.
(2) Annual report design,printing & distribution,moving booth & trade exhibits to/from events, marketing materials & business cards as needed and other marketing materials

Clean Energy Finance and Investment Authority
FY 2013 Operations and Program Budget
Other Operating Costs
(in thousands)

	Rocky Hill	Stamford	Total	
Rent	$ 202.9	$ 75.0	$ 277.9	
Telephone/Communications	$ 39.1	$ 15.2	$ 54.3	
Equipment & storage space rental	$ 11.7	$ 5.0	$ 16.7	
Office expense	$ 48.9	$ 13.2	$ 62.1	
Computer operations				
Consultant Support Services	$ 20.0	$ 6.6	$ 26.6	
Software Maintenance	$ 19.0	$ -	$ 19.0	
Webhosting	$ 2.8	$ -	$ 2.8	
Noncapitalized hardware & supplies	$ 8.6	$ 4.1	$ 12.7	$ 61.0
Subscriptions	$ 18.0	$ -	$ 18.0	
Staff training & education	$ 44.8	$ -	$ 44.8	
Temporary employees	$ 25.0	$ -	$ 25.0	
Insurance	$ 56.1	$ 2.0	$ 58.1	
Travel & Travel Related Expense	$ 54.0	$ 9.2	$ 63.2	
Total:	$ 550.88	$ 130.20	$ 681.08	

Clean Energy Finance and Investment Authority
FY 2013 Operations and Program Budget
Capital Expenditure Budget
(in thousands)

	Qty	Total by Line	Total by Category	Projected FY13 Depreciation: Rocky Hill	Projected FY13 Depreciation: Stamford
IT Hardware					
Rocky Hill					
New/Replacement Desktops & Laptops (12 units)	12	$ 17.0			
Data Backup Unit		$ 3.0			
iSCSI drive array		$ 5.0			
Replacement: VM (virtual server) hosts		$ 5.0			
Server & Ethernet switch hardware		$ 6.0			
Conference room LCD display		$ 1.1	$ 37.1	$ 12.4	$ -
Stamford Office					
Firewall/wireless access/switch/ups/system set up		$ 9.2	$ 9.2	$ -	$ 2.3
IT Software					
Rocky Hill					
Telephone System					
Telephone system software upgrade		$ 2.5			
MS Licenses / Software Assurance					
Server 2008		$ 1.8			
SQL server Standard 1 Processor		$ 5.0			
SharePoint Server		$ 5.0			
SharePoint Server CALS (30 licenses)		$ 3.0			
Windows 7 (15 licenses)		$ 6.0	$ 23.3	$ 11.7	$ -
Analysis Software					
Desktop license (2 licenses)		$ 4.0			
Server license (10 licenses)		$ 10.0			
Custom Programming		$ 10.0	$ 24.0	$ 12.0	$ -
Office Furniture, Equipment and Improvements					
Rocky Hill					
Cubicles (12 units)		$ 21.6			
Office Suites (5 units)		$ 12.5			
Unidentified		$ 10.0	$ 44.1	$ 8.8	$ -
Stamford		$ 45.00	$ 45.0	$ -	$ 6.8
Projected New Cap Ex for FY2013:			**$ 182.7**		
Projected depreciation FY13 Cap Ex:				**$ 44.9**	**$ 9.1**
Depreciation on existing Cap Ex:				**$ 39.0**	$ -
Projected FY 13 depreciation:				**$ 83.9**	**$ 9.1**
					$ 92.9

Clean Energy Finance and Investment Authority
FY 2013 Annual Plan of Operation
Comparison of FY 2012 and FY 2013 Operations Budgets
(in thousands)

	FY 2012 Ops Budget	% Total Rev.	RH	Stamford	FY2013 Ops Budget	% Total Rev.	FY 2013 Budget to FY 2012 Budget Variance	FY 2013 Budget to FY 2012 Budget % Variance		
Revenues										
Utility customer assessments	$ 27,515				$ 28,000		$ 485	2%		
Interest on deposits	$ 118				$ 120		$ 2	2%		
Renewable energy certificates,net	$ 100				$ 50		$ (50)	-50%		
Interest Income - Solar Lease Notes, net	$ 120				$ 150		$ 30	25%		
RGGI Auction Proceeds	$ 1,100				$ 2,000		$ 900	82%		
RPS compliance penalty payments	$ 100				$ -		$ (100)	-100%		
Other Income	$ 60				$ 75		$ 15	25%		
Total revenues:	$ 29,113				$ 30,395		$ 1,282	4%		
Expenditures and Expenses			RH	Stamford			RH & Stamford	RH & Stamford to FY 2012 Budget	RH Only	RH Only
Employee Compensation - CEFIA Employees (1)	$ 956	3.3%	$ 1,252	$ -	$ 1,252	4.1%	$ 296		$ 296	31%
Employee Compensation - CI Shared Services (1)	$ 370	1.3%	$ 361	$ -	$ 361	1.2%	$ (8)	-2%	$ (8)	-2%
Employee Benefits - CEFIA Employees	$ 593	2.0%	$ 776	$ -	$ 776	2.6%	$ 183	31%	$ 183	31%
Employee Benefits - CI Shared Services	$ 229	0.8%	$ 224		$ 224	0.7%	$ (5)	-2%	$ (5)	-2%
Legal	$ 100	0.3%	$ 35	$ -	$ 35	0.1%	$ (65)	-65%	$ (65)	-65%
Audit	$ 21	0.1%	$ 25	$ -	$ 25	0.1%	$ 4	19%	$ 4	19%
Advisory	$ 50	0.2%	$ 85	$ -	$ 85	0.3%	$ 35	70%	$ 35	70%
Marketing/External Relations	$ 238	0.8%	$ 311	$ -	$ 311	1.0%	$ 73	31%	$ 73	31%
Rent/Utilities/Maintenance	$ 165	0.6%	$ 203	$ 75	$ 278	0.9%	$ 113	68%	$ 38	23%
Telephone/Communications	$ 30	0.1%	$ 39	$ 15	$ 54	0.2%	$ 25	83%	$ 9	32%
Equipment & storage space rental	$ 10	0.0%	$ 12	$ 5	$ 17	0.1%	$ 7	67%	$ 2	17%
Depreciation	$ 42	0.1%	$ 84	$ 9	$ 93	0.3%	$ 51	121%	$ 42	100%
Office expense	$ 44	0.2%	$ 49	$ 13	$ 62	0.2%	$ 18	41%	$ 5	11%
Computer operations	$ 32	0.1%	$ 50	$ 11	$ 61	0.2%	$ 29	91%	$ 18	58%
Subscriptions	$ 24	0.1%	$ 18	$ -	$ 18	0.1%	$ (6)	-25%	$ (6)	-25%
Training and education	$ 33	0.1%	$ 45	$ -	$ 45	0.1%	$ 12	36%	$ 12	36%
Temporary employees	$ 50	0.2%	$ 25	$ -	$ 25	0.1%	$ (25)	-50%	$ (25)	-50%
Insurance	$ 62	0.2%	$ 56	$ 2	$ 58	0.2%	$ (4)	-6%	$ (6)	-10%
Travel & related expenses	$ 43	0.1%	$ 54	$ 9	$ 63	0.2%	$ 20	47%	$ 11	26%
Total expenses:	$ 3,091	10.6%	$ 3,704	$ 139	$ 3,844	12.6%	$ 753	24%	$ 613	20%
FY2013 change in fund net assets from Ops:	$ 26,022				$ 26,551		$ 530	2%		

(1) The FY12 budget does not reflect full year compensation for several employees who were hired during the second half of the year.

EXECUTION COPY

MEMORANDUM OF UNDERSTANDING
RE
OFFICE SPACE AND ADMINISTRATIVE SUPPORT
FOR THE CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY

THIS MEMORANDUM OF UNDERSTANDING (this "MOU") is entered into as of November 22, 2011, by and between the **CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY**, a quasi-public agency of the State of Connecticut created pursuant to the Act, as defined below ("CEFIA"), and **CONNECTICUT INNOVATIONS, INCORPORATED**, a quasi-public agency of the state of Connecticut created pursuant to Section 32-35 of the Connecticut General Statutes ("CI").

RECITALS

WHEREAS, pursuant to Section 16-245n of the Connecticut General Statutes, as amended by Section 99 of Public Act No. 11-80 (the "Act"), CEFIA became the successor to CI as administrator of the Clean Energy Fund, as created by and defined in the Act, effective July 1, 2011;

WHEREAS, the Act provides that CEFIA shall exist within CI "for administrative purposes only", and further provides that the operating expenses of the Clean Energy Fund and other permitted activities of CEFIA, including administrative expenses incurred by CI, may be reimbursed from amounts available in the Clean Energy Fund upon authorization of the Board of Directors of CEFIA;

WHEREAS, pursuant to the Act and the provisions of Section 4-38d of the Connecticut General Statutes made applicable by the Act, the employees of CI whose functions were dedicated to the operation of the Clean Energy Fund and the other programs and initiatives authorized by the Act have been assigned and transferred to the employment of CEFIA;

WHEREAS, CI, as tenant, and New Boston Flex, LLC, as landlord (the "Landlord") are parties to a Lease Agreement dated as of January 15, 2010 (the "CI Lease"), pursuant to which CI leases a portion of the first floor of a building located at 865 Brook Street, Rocky Hill, Connecticut containing 16,584± square feet, as depicted on Exhibit A to the CI Lease as the same may be expanded pursuant to the CI Lease, (the "Leased Space");

WHEREAS, approximately fifty percent (50%) of the Leased Space has been and is occupied and/or used by CEFIA and its employees to carry out the operations of CEFIA;

WHEREAS, in order to realize certain cost savings and operating efficiencies, and consistent with the location of CEFIA within CI "for administrative purposes" as provided in the Act, CEFIA employees and operations are to remain located within the Leased Space, and certain administrative and office support functions for CEFIA and such employees will continue to be provided by CI and its employees;

WHEREAS, CI's investment team has valuable experience in the evaluation, negotiation, closing, administration and management of equity investments, or investments with equity characteristics, in technology companies, including for purposes of research and development, and CEFIA expects that in execution of the Comprehensive Plan (as defined below) it will provide funding from the Clean Energy Fund or other available sources for research and development of clean energy technologies;

WHEREAS, to avoid duplication at CEFIA of expertise available at CI, and to realize efficiencies and costs savings available through shared use of the resources and expertise of CI's investment team, CEFIA has requested that the administrative services to be provided by CI under this MOU include support for CEFIA's investment activities relating to clean energy technologies, and at the request of CI, CEFIA is prepared to make its technical expertise available to CI's investment team when providing such investment services to CEFIA or in connection with CI's own investments;

WHEREAS, CEFIA and CI wish to evidence their understanding as to (i) the shared use and occupancy of the Leased Space, (ii) the scope of administrative support and services to be provided by CI to CEFIA as administrator of the Clean Energy Fund, and (iii) the basis on which CI will be reimbursed from the Clean Energy Fund, or other monies legally available therefor, for the expenses incurred by CI in providing the Leased Space and such administrative support and services;

WHEREAS, this MOU has been approved by the Boards of Directors of CI and CEFIA, and therefore constitutes the authorization required by the Act of the reimbursement to CI from the Clean Energy Fund or other funds legally available to CEFIA for such purposes of the expenses of the Leased Space and the administrative support and services provided by CI pursuant to this MOU;

NOW, THEREFORE, in consideration of the foregoing and in reliance of the mutual promises made herein, CEFIA and CI agree as follows:

1. Effective Date; Transition Period Costs; Term.

1.1 Effective Date. CEFIA was created by the Act effective July 1, 2011, and the Act provides that as of that date CEFIA became the successor agency to CI in accordance with Section 4-38d of the General Statutes for the purpose of administering the Clean Energy Fund, to be located for administrative purposes within CI. The parties therefore agree that, consistent with the Act, the effective date of the provisions of this MOU shall be July 1, 2011.

1.2 Transition Period Costs. It was necessary for CI to incur certain expenses on behalf of and for the account of CEFIA between July 1, 2011 and the date of execution of this MOU in order to provide for the organization of CEFIA and to prepare necessary documents, including a Resolution of Purpose, Bylaws and Operating Procedures, to be presented to initial meetings of the CEFIA Board once board members had been appointed. CEFIA acknowledges and agrees that such expenses may be paid by CI and charged to CEFIA upon the approval of the CEFIA President, and that the prior payment by CI for the account of CEFIA of any such expenses is hereby ratified and confirmed.

1.3 Term. This MOU shall continue in effect until the earlier of (a) the written agreement of CI and CEFIA to terminate this MOU; (b) a change in law with the result that CEFIA is no longer located within CI for administrative purposes; or (c) the relocation of CEFIA to space other than the Leased Premises, provided that the provisions of Section 10.2(h) shall survive such relocation.

2. Definitions. As used in this MOU, the following capitalized terms shall have the meanings indicated below:

"Act" is defined in the Recitals.

"CEFIA Board" means the board of directors of CEFIA established by the Act.

"CEFIA President" means the president and chief executive officer of CEFIA appointed by the CEFIA Board pursuant to the Act, or such other officer of CEFIA who at the time may be performing the functions of the president and chief executive officer pursuant to the Bylaws of CEFIA or applicable law.

"CI Board" means the board of directors of CI established by Section 32-37 of the General Statutes.

"CI Executive Director" means the executive director appointed by the CI Board pursuant to Section 32-38 of the General Statutes, or such other officer of CI who at the time may be performing the functions of the executive director pursuant to the Bylaws of CI or applicable law.

"CI Lease" is defined in the Recitals.

"Common Areas" is defined in Section 10.

"Comprehensive Plan" means the comprehensive plan developed by CEFIA pursuant to Section 16-245n(c) of the General Statutes, as amended by the Act.

"Fiscal Year" means the period from July 1 of a year to June 30 of the following year.

"General Statutes" means the Connecticut General Statutes and all amendments thereto.

"Leased Space" is defined in the Recitals.

"ROFO" is defined in Section 10.

"ROFO Area" is defined in Section 10.

"U&O Costs" is defined in Section 10.

3. Accommodation of CEFIA Board and Committee Meetings.

3.1 CEFIA Board and Committee Meetings. CI shall make its "board room" and other suitable conference rooms available for meetings of the CEFIA Board, committees of the CEFIA Board, and CEFIA advisory committees, subject to reasonable rules regarding availability and advance booking of such spaces. In connection with such meetings, CI shall provide any necessary staff and administrative support for meeting set-up, audio-visual requirements, conference telephone and video-conference arrangements, and food and beverage service.

3.2 FOIA Public Meeting Requirements. CEFIA through its own employees will prepare, post, submit and distribute meeting schedules, meeting notices and meeting agendas, will prepare and post meeting minutes, and will otherwise be responsible for the compliance of CEFIA Board, Board Committee and Board Advisory Committee meetings with the public meeting requirements of the Connecticut Freedom of Information Act.

3.3 Other CEFIA Meetings. CI will also make available to CEFIA for its use in connection with staff meetings, meetings with applicants, and other business purposes of CEFIA, the "board room" and other available conference rooms, subject to reasonable rules regarding the availability and advance booking of such spaces.

3.4 Meeting Costs. There will be no separate cost reimbursement to CI for the use of such conference facilities and any CI staff support pursuant to this Section 3, but any out-of-pocket costs incurred by CI in connection with the hosting of such meetings shall be reimbursed by CEFIA to CI at cost.

4. Accounting Functions.

4.1 Accounting Services Generally. CI shall provide to CEFIA all accounting services necessary to properly account, in accordance with applicable accounting principles, for the operations and financial position of the Clean Energy Fund and CEFIA, including all necessary recordkeeping and financial reporting, including such financial information as may be necessary for reports to the General Assembly or committees thereof, the State Comptroller, or any other state office or agency, as may be required by law. CEFIA will be responsible for the actual preparation and filing of reports to the General Assembly or committee thereof or any other state office or agency. CI will be responsible for the actual preparation and filing of the annual audit report with the State Comptroller and compliance with federal "single audit" requirements applicable as a result of CEFIA's receipt of federal funding.

4.2 Chief Financial Officer and Staff Support. Until such time as the CEFIA Board may determine otherwise, the Chief Financial Officer of CI shall also act as the Chief Financial Officer of CEFIA. Under the supervision of the Chief Financial Officer, other CI accounting staff shall perform all necessary CEFIA accounting and financial functions, including financial control functions, necessary to the proper operation and administration of CEFIA and the Clean Energy Fund, including payroll functions, purchasing, accounts payable and receivable and maintenance of book and records consistent with applicable accounting principles or as required to meet statutory or other legal reporting requirements.

4.3 Use of Independent Accountants. Until such time as the CEFIA Board may determine otherwise, and absent a disqualifying conflict of interest, the independent accountants engaged by CI shall also continue to provide outside accounting and auditing services to CEFIA.

4.4 Accounting Principles. All calculations, accounting entries and other cost accounting matters pursuant to or arising under this MOU shall be consistent with applicable generally accepted accounting principles and applicable governmental accounting principles as consistently applied by CI with respect to CEFIA and the Clean Energy Fund, and applicable provisions of the Act. References in this MOU to "applicable accounting principles" shall be deemed to refer to this Section 4.

4.5 Accounting System Costs. Costs of CI employee time attributable to the accounting functions performed for CEFIA and of accounting systems and software used to support both CI and CEFIA shall be shared by CI and CEFIA in accordance with Section 9.

5. Human Resources Functions.

5.1. Human Resources Services Generally. CI shall provide to CEFIA with respect to CEFIA employees the same scope and level of human resources and personnel administrative support and services as CI provides with respect to its own employees, including benefits administration, administration of employment policies, employee training and education, sexual harassment training, maintenance of personnel files and other employee information (subject to the same confidentiality and privacy requirements applicable to the personnel files and information of CI employees), and compliance with other legal requirements, including reporting requirements, applicable to quasi-public agency employees; provided, however, that (a) CEFIA shall be responsible for the development and adoption of personnel policies for CEFIA employees, which are expected to be similar to the personnel policies of CI so as to permit consistency and efficiency in administration by CI, (b) the interpretation and enforcement of CEFIA personnel policies shall be the responsibility of CEFIA, and (c) CI shall have no responsibility for any losses, liabilities, damages, expenses or claims relating to the interpretation, enforcement or non-enforcement of such personnel policies with respect to CEFIA employees by or at the direction of CEFIA.

5.2 Personnel System Costs. Costs of CI employee time attributable to human resources functions performed for CEFIA and of personnel systems and software used to support both CI and CEFIA shall be shared by CI and CEFIA in accordance with Section 9.

6. Information Technology Functions.

6.1 Computer Access and Use Generally. CI shall provide to CEFIA employees access to and use of CI's computer network, applications and databases for purposes of CEFIA operations, subject to such "firewalls" and password protection as may be appropriate to limit access (i) of CI employees to non-public documents and information received or maintained by CEFIA, and (ii) of CEFIA employees to non-public documents and information received or maintained by CI.

6.2 Telecommunications. CI shall provide to CEFIA employees access to telecommunications equipment, services and support, including voicemail, on the same basis and as part of the same telecommunications system as installed and maintained for the use of CI employees.

6.3 Remote Access. CI shall provide CEFIA employees designated by the CEFIA President remote access, remote access support, and remote access devices (*e.g.* "smart phones") of comparable functionality and quality to that provided to CI employees.

6.4 Administration of IT Policies. CI shall administer with respect to CEFIA employees such IT policies as are developed and adopted by CEFIA, provided the same do not conflict with CI IT policies to an extent that makes such administration impractical or unduly burdensome. Each of CI and CEFIA shall be responsible to the other for any loss, liability, damage, expense or claim caused by, or arising from, the non-compliance of its employees with the IT policies applicable to such employees, including with respect to IT security and use of IT equipment.

6.5 Cost Sharing. Costs of CI employee time attributable to the performance of IT functions for CEFIA and of computer, telecommunications and remote access devices and support shall be shared by CI and CEFIA in accordance with Section 9.

7. Investment Functions.

7.1 Investment Services. CI shall make the services of its investment team available to CEFIA for the purpose of evaluation, including appropriate due diligence, negotiation, documentation, closing, administration and management of such investments in clean energy technologies as may be identified, specifically or by type, in the Comprehensive Plan, or by the CEFIA Board or the CEFIA President consistent with the Comprehensive Plan. Such services shall be comparable in scope to the services provided by the CI investment team with respect to similar investments for CI's own account. Such support shall be as requested from time to time by the CEFIA President, but the services of the CI investment team shall be under the direction and control of the CI President. Any such investment made from the Clean Energy Fund or other monies legally available to CEFIA will be subject to approval by, or pursuant to resolutions of, the CEFIA Board.

7.2 <u>CEFIA Technical Expertise</u>. CEFIA shall make the technical expertise of its staff available to the CI investment team in connection with the provisions by CI of the investment services described in Section 7.1, above.

7.3 <u>Investment Services Costs</u>. Costs of CI employee time attributable to the performance of investment functions for CEFIA shall be subject to reimbursement in accordance with Section 9.

7.4 <u>Technical Expertise Costs</u>. Costs of CEFIA employee time attributable to the performance of technical expertise functions supporting CI's own investments shall be reimbursed by CI to CEFIA on the same basis as provided in Section 9 with respect to reimbursement of CI employee costs.

8. <u>Expenses of General Office Administration</u>. CI shall provide to CEFIA at cost general office services support, including mail room functions, receptionist function, file storage and retrieval, messenger services and similar general office services. Costs of such general services shall be shared by CI and CEFIA in accordance with Section 9.

9. <u>Cost Sharing and Reimbursement</u>.

9.1 <u>Source of Payment</u>. References in this MOU to payment or reimbursement by CEFIA shall mean payment or reimbursement from monies available in the Clean Energy Fund or other funds legally available to CEFIA for such purposes. Payment and reimbursement by CEFIA from such sources has been authorized by the CEFIA Board as evidenced by the execution of this MOU by the President of CEFIA.

9.2 <u>At Cost</u>.

a. As a general matter, all expenses subject to payment or reimbursement by CEFIA pursuant to this MOU shall be charged at the actual cost to CI, without any mark-up, service fee, commission or other premium, and references in this MOU to cost sharing, cost allocation, or payment or reimbursement "at cost" shall be deemed to refer to this Section 9.

b. In the case of occupancy expenses, "at cost" includes base rent, any additional rent, operating expenses, and any other amounts due from CI under the CI Lease to the Landlord allocated between CI and CEFIA as provided in Section 10.

c. In the case of compensation and benefit expenses of CI employees, "at cost" includes salaries and wages, including overtime, any bonus or other additional cash compensation, any employer-paid payroll taxes or expenses, and all benefit costs attributable to CI employees, including the amounts required to be paid by CI to the State Comptroller on account of CI employee participation in state retirement and benefit plans.

d. In the case of vendor services, equipment lease costs, supplies and other expenses of general office operations, "at cost" means the amount actually billed to and paid by CI.

e In the case of any sale or transfer to CEFIA on the respective books of CI to CEFIA of any office equipment, fixtures or other personal property used or to be used in connection with office operations, "at cost" means actual acquisition cost to CI less accumulated depreciation on the books of CI through the end of the most recently completed Fiscal Year.

9.3 Compensation Cost Allocations. The basis for allocation to CEFIA "at cost" of compensation and benefit expenses attributable to CI employees providing administrative or support services to CEFIA shall be as follows:

a. in the case of the Chief Financial Officer, compensation and benefit expenses to CI shall be shared equally by CI and CEFIA;

b. compensation and benefit expenses of all other CI employees providing administrative support and services to CEFIA shall be allocated between CI and CEFIA based on the time records, including overtime time records, for a given pay period completed and submitted by such employees to CI in accordance with its established polices, on which time spent on CEFIA matters shall be reported in half-hour increments, and the relationship of such recorded CEFIA time to the total time, including overtime, recorded by such employee for the same pay period.

9.4. Office Services and Supplies.

a. Costs of office services, materials and supplies purchased by CI at the request of and for the specific use of CEFIA shall be paid or reimbursed at cost by CEFIA.

b. Costs of all other general office services, materials and supplies (except services of the type referred to in Section 9.5), shall be shared at cost between CI and CEFIA on an equal basis or such other basis as the Executive Director of CI and the President of CEFIA may from time to time determine to be fair and equitable in the circumstances.

9.5. Professional Services.

a. Whenever possible, engagements for professional services, including legal, accounting, financial advisory, valuation, engineering, energy consulting, and the services of other experts, shall be authorized, entered into, and paid for separately by CI or CEFIA as the case may be.

b. In circumstances where as a matter of time, cost or convenience it is desirable for CEFIA to make use of the services of professionals already selected and engaged by CI or for CI to engage professionals to provide services to both CI and CEFIA, and there is no disqualifying conflict of interest, with the approval of the Executive Director of CI and the President of CEFIA, the services of such professionals may be made available by CI to or for the benefit of CEFIA, with the costs of services provided to or for the benefit of CEFIA paid or reimbursed at cost by CEFIA.

9.6 Insurance.

a. Wherever possible CI and CEFIA shall separately obtain, maintain and pay for policies of insurance covering such risks, including general liability, directors and officers liability, automobile liability, and property and casualty, as are customary for similar entities, provided that arrangements for such insurance may be made by CI through its insurance advisors and brokers as an additional administrative service under this MOU.

b. If on a temporary or permanent basis, necessary or appropriate insurance for CEFIA is only available, or is available at lower cost, if purchased by CI (*e.g.* with CEFIA or its directors, officers or employees named as additional insureds or loss payees or covered by endorsements to CI policies), with the approval of the CI Executive Director and the CEFIA President, insurance may be so purchased and carried, with an appropriate allocation of premiums and commissions at cost to CEFIA as the CI Executive Director and the CEFIA President may deem to be fair and reasonable in the circumstances.

9.7 Occupancy Expenses. All office occupancy expenses shall be allocated and paid or reimbursed as provided in Section 10. Costs and expenses of CI relating to the security, maintenance, cleaning or other general upkeep of office space shall be allocated between CI and CEFIA in the same proportion as the allocation of occupancy expenses at the time pursuant to Section 10.

9.8 IT Services. Costs for use, operation, maintenance and repair of computer, telecommunications and remote access facilities, systems and equipment, including costs under service contracts held by CI, shall be allocated at cost between CI and CEFIA based on the respective number of CI and CEFIA users as of July 1 of each Fiscal Year or in such other manner as the CI Executive Director and the CEFIA President may determine to be fair and reasonable.

10. Use and Occupancy of Leased Space.

10.1 CI Lease Terms. CEFIA hereby acknowledges receipt of a copy of the CI Lease and that:

a. The term of the CI Lease expires on 12/31/2020 and CI has an option to extend the term for an additional five (5) year period (the "Extension Option").

b. CI has the benefit of a right of first offer ("ROFO") to lease the remaining space on the first floor of the building immediately adjacent to the Leased Space and containing 3,816± square feet, as depicted as the "ROFO AREA" on Exhibit A to the CI Lease (the "ROFO Area").

c. Pursuant to the CI Lease, CI pays a monthly base rent and additional rent (including real estate taxes and operating costs) to the Landlord and has other CI Lease obligations including, but not limited to, payment for utilities, insurance, indemnification of the Landlord for CI's negligent acts, and maintenance and repairs of the Leased Space.

d. Since its establishment by the Act, CEFIA has used and occupied a portion of the Leased Space and has used in common with CI the shared use areas of the Leased Space including, but not limited to, a lobby, a reception area, conference rooms, break rooms, kitchen area, corridors, closets, storage rooms and, in addition, any and all common areas in the building and the non-exclusive use of the exterior portions of the parcel on which the building is located including walkways, and access to the streets and parking areas as set forth in the CI Lease (collectively, the "Common Areas").

10.2 Continued Use and Occupancy by CEFIA. CI and CEFIA desire to continue to have CEFIA utilize a portion of the Leased Space and Common Areas and agree that such use and occupancy by CEFIA shall be governed by the following understanding and agreement of the parties.

a. CEFIA shall continue its non-exclusive use and occupancy of approximately fifty percent (50%) of the Leased Space. The delineation of the offices, work stations and any other areas to be used and occupied on an exclusive basis by CEFIA and CEFIA employees shall be established jointly by the CI Executive Director and the CEFIA President from time to time taking into account the current CI and CEFIA staffing levels, related needs for individual offices, work stations, file and work areas and other relevant factors. To the extent practicable, CEFIA employee and work areas and CI employee and work areas will be located in separate sections or areas of the Leased Space to facilitate independent business operations, the segregation of files, and other working efficiencies within CI and CEFIA, respectively.

b. In consideration of CEFIA's continued use and occupancy of a portion of the Leased Space, CEFIA agrees to promptly pay CI, in equal monthly payments, an amount equal to a percentage, determined for each Fiscal Year as provided in subsection (c), below, of all base rent, additional rent and all other costs, fees or charges that CI is responsible for or otherwise incurs as tenant under the CI Lease, including but not limited to such items as utility (telephone, gas, electric) costs and office cleaning and housekeeping expenses (collectively, the "U&O Costs").

c. The percentage of U&O Costs to be paid by CEFIA in a Fiscal Year during the term of this MOU shall be based on the relationship between the number of CEFIA employees located at the Leased Space as of July 1 of such Fiscal Year and the total number of CI and CEFIA employees located at the Leased Space on such date. By way of example, if on July 1 of a Fiscal Year there are fifty (50) CEFIA employees and fifty (50) CI employees located at the Leased Space, the percent of U&O Costs to be paid by CEFIA for that Fiscal Year would be fifty percent (50%) (50 CEFIA Employees being 50% of 100 total CEFIA and CI employees). The date of first calculation of such percentage shall be as of July 1, 2011, for the Fiscal Year July 1, 2011 to June 30, 2012. Such percentage shall be recalculated, and the amount of U&O Costs to be paid by CEFIA adjusted, as of each subsequent July 1 during the term of the Agreement for the Fiscal Year then beginning.

d. CEFIA's use and occupy of a portion of the Leased Space shall continue as long as the space is required by CEFIA, or as otherwise agreed by the parties, but in no event shall CEFIA terminate its use and occupancy of its portion of the Leased Space without one hundred eighty (180) days prior notice to CI, or as may otherwise be provided by law.

e. Notwithstanding anything to the contrary herein, this use and occupancy arrangement is and shall remain subject to and subordinate to the CI Lease. CEFIA shall (i) refrain from doing or causing to be done or permitting any thing or act to be done which would constitute a default under the CI Lease or otherwise cause the CI Lease to be terminated or extinguished or make CI liable for any damages, claims or penalties, and (ii) indemnify and hold CI harmless from and against any loss, cost, liability, claim, damage or expense incurred in connection with or arising out of CEFIA's use and occupancy of a portion of the Leased Space or the Common Areas.

f. CEFIA shall not make any improvements or alterations to its portion of the Leased Space without the prior written consent of CI.

g. CEFIA shall obtain and keep in full force and effect commercial general liability insurance with respect to its activities on a portion of the Leased Space in an amount reasonably acceptable to CI, with CI and the Landlord as additional insureds, and property insurance on its personal property at replacement cost.

h. In the event that CEFIA vacates its portion of the Leased Space prior to the expiration or termination of CI's Lease term, including (i) as it may have been previously extended by exercise of the Extension Option and/or (ii) as it may have been previously expended by exercise of the ROFO, CEFIA shall continue to be liable to CI for the remainder of the CI Lease term for its then existing percentage share of the U&O Costs determined as of the date of its vacating the Leased Space. In such event, CI shall use all reasonable means to mitigate CEFIA's U&O Costs, but the inability of CI to mitigate the same shall not relieve CEFIA of its obligation to be responsible for such U&O Costs unless otherwise agreed to by the parties or otherwise provided by law.

i. The ROFO shall be exercised by CI if, after consultation between the CI Executive Director and the CEFIA President, it is determined that the ROFO Area will be needed to accommodate then current or projected space needs of CI and CEFIA. Such determination shall be made jointly by the CI Executive Director and the CEFIA President. In the case of any disagreement between them as to the need to add the ROFO Area, the ROFO may nevertheless be exercised either (i) by CI if it agrees to be solely responsible for the U&O Costs associated the ROFO Area whether or not occupied by CI or (ii) by CI at the written request of CEFIA, if CEFIA agrees to be solely responsible for the U&O Costs associated with the ROFO Area whether or not occupied by CEFIA.

j. If at the time CI and CEFIA shall continue to be sharing space at the Leased Space pursuant to this MOU, the Extension Option shall be exercised by CI either (i) by agreement between CI and CEFIA, in which case the shared use of the Leased Space will continue to be governed by this MOU, or (ii) at CI's sole option, in which case CEFIA's obligation to pay a share of U&O Costs and its right to use and occupy the Leased Space shall terminate at the end of the original lease term except as CI and CEFIA may otherwise agree or as may otherwise be provided by law.

10.3 Certain Personal Property. Furniture, fixtures and equipment used exclusively by CEFIA, including computers, telephone sets and office furniture in offices or comprising work stations of CEFIA employees, shall remain available for use of such CEFIA employees. The Chief Financial Officer shall prepare an inventory of such personal property, and upon approval of the CEFIA President, such personal property shall be transferred on the books of CI and CEFIA at cost, with no representation or warranty by CI as to condition, value or utility. Payment by CEFIA to CI for such personal property shall be on the basis set forth in Section 9.

11. **Capital Expenditures.** The parties acknowledge that during the term of this MOU it may be necessary or appropriate to incur capital expenses associated with office expansion or upgrades, including leasehold improvements, new office furniture and work stations, purchase and installation of new computer or telecommunications hardware and systems and other capital items related to office operations ("Capital Improvements"). Such Capital Improvements shall be coordinated between CI and CEFIA in order to achieve available efficiencies and economies, and may be arranged for, made and paid for by CI for its account and, with the prior approval of CEFIA, for the account of CEFIA to the extent of any exclusive or shared use and enjoyment by CEFIA of such Capital Improvements. Ownership of Capital Improvements consisting of separate items of personal property (furniture, computers, etc.) used exclusively by CEFIA shall be in the name of CEFIA. Ownership of the other Capital Improvements shall be in the name of CI, subject to any applicable provisions of the CI Lease in the case of leasehold improvements.

12. **FOIA Public Records Compliance.** CEFIA shall be responsible for compliance with the public records provisions of the Connecticut Freedom of Information Act with respect to the records and files of CEFIA, including responses to public requests for access to, or copies of, any such records or files.

13. **Limited Liability; Exculpation and Indemnification.**

13.1 Scope of Employment. It is intended by the parties that CI officers and employees providing support and services to CEFIA pursuant to this MOU shall be deemed to be acting in the discharge of their duties and within the scope of their employment by CI and shall enjoy the full protection provided for in Section 1-125 of the General Statutes and any generally applicable policy of CI relating to the reimbursement of the costs of defense of claims made against CI officers and employees.

13.2 Exculpation. In no event shall any officer or employee of CI have any liability to CEFIA for claims, losses or damages relating to or arising from the performance or non-performance of the duties and responsibilities of CI under this MOU, except as may be occasioned by conduct that is found to be wanton, reckless, wilful or malicious.

13.3 CEFIA Indemnification. CEFIA shall indemnify, defend and hold harmless CI from any loss, liability, damage or expense incurred by CI, either directly or as a result of its obligation to indemnify, defend or reimburse any CI officer or employee under Section 1-125 of the General Statutes or any generally applicable CI policy, as a result of any third party claim against CI or any CI officer or employee based upon, or arising from, the performance or non-performance by CI or any such CI officer or employee of the duties and responsibilities of CI under this MOU, except as may be occasioned by conduct that is found to be wanton, reckless, wilful or malicious.

13.4 CI Indemnification. CI shall indemnify, defend and hold harmless CEFIA from any loss, liability, damage or expense incurred by CEFIA as a result of any third party claim against CEFIA or any CEFIA officer or employee based on, or arising from, a default or other failure of CI in the performance of the duties and responsibilities of CI under this MOU where such default or failure is the result of conduct which is found to be wanton, reckless, wilful or malicious.

13.5 Survival. The indemnification provisions of this MOU shall survive its termination.

14. Miscellaneous.

14.1 No Third Party Beneficiaries. This MOU is for the exclusive benefit of the parties hereto and no rights of third party beneficiaries are created hereby.

14.2 Amendment. This MOU may be modified or amended at any time and from time to time as deemed appropriate by CEFIA and CI, any such amendment to be evidenced by a written instrument signed by the CI Executive Director and the CEFIA President.

14.3 Counterparts. This MOU may be executed in any number of counterparts, and each counterpart shall constitute an original instrument, but all such separate counterparts shall constitute one and the same agreement.

14.4 Governing Law. The validity, construction and enforceability of this MOU shall be governed in all respects by the laws of the State of Connecticut, without regard to its conflict of laws rules.

[The signature page follows.]

IN WITNESS WHEREOF, the parties have executed this MOU as of the date first set forth above.

CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY

By:____________________
Bryan Garcia
Its President

CONNECTICUT INNOVATIONS, INCORPORATED

By:____________________
Peter V. Longo
Its President and Executive Director

2056855v4

EXHIBIT A
SUPPLEMENT ONE TO THE
MEMORANDUM OF UNDERSTANDING
RE
OFFICE SPACE AND ADMINSTRATIVE SUPPORT
FOR THE CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY

This Supplement One, effective as of ________, amends the Memorandum of Understanding (MOU) between the Clean Energy Finance and Investment Authority (CEFIA) and Connecticut Innovations, Incorporated (CI) dated November 22, 2011. CEFIA and CI may be referred to as a "Party" and collectively, as the "Parties."

RECITALS

WHEREAS, CEFIA and CI both recognize the importance of providing financial assistance to emerging clean energy technology companies to support growth of Connecticut's clean energy industry, resulting in job creation, reduction in clean energy costs, environmental benefits and enhanced energy security;

WHEREAS, as CEFIA focuses on financing the scaled deployment of commercially available technologies, and support for early stage technology innovation is no longer core to CEFIA's new focus, CEFIA intends to transition the management and administration of certain investments under CEFIA's Alpha Program, Operational Demonstration Program and other technology innovation programs (collectively, "TI Programs") to other entities better positioned to manage and support Connecticut's clean energy technology entrepreneurs;

WHEREAS, CI is uniquely positioned to support these emerging technology entrepreneurs because of its expertise in clean tech investment and management and its core mission is to provide strategic capital and operational insight to push the frontiers of high-tech industries such as energy, biotechnology, information technology, and photonics.

WHEREAS, CI intends to manage and support certain mutually agreed upon investments under the TI Programs as CEFIA transitions to focus on its new mission of financing the scaled deployment of commercially available technologies;

WHEREAS, CEFIA intends to provide financial support and expertise to CI to manage and support such TI Programs;

WHEREAS, this Supplement One to the MOU is consistent with Connecticut General Statutes Sections §16-245n and § 32-39.

THEREFORE, the parties mutually agree as follows:

TRANSITION AND TI PROGRAM MANAGEMENT

Pursuant to Section 7.1 of the MOU, CEFIA shall transition the management and administration of certain investments under the TI Programs to CI as mutually agreed to by the Parties.

COMMERCIAL SUCCESS OR LIQUIDITY EVENT

Upon "commercial success" or a "liquidity event" as defined in the grant and loan agreement between CEFIA and the loan award applicant (Funding Agreement), CI shall advise CEFIA on whether such repayment shall be made pursuant to one of the following three options set forth in the Funding Agreement: (1) a lump sum payment, (2) the repayment schedule, or (3) an equity conversion.

Upon commercial success and repayment pursuant to options one and two above, CEFIA shall provide CI with all funds received beyond the original CEFIA principal loan amount set forth in the Funding Agreement. CI shall reinvest such additional funds received at its discretion to support Connecticut's clean energy technology entrepreneurs.

Upon commercial success and repayment pursuant to option three above, CEFIA and CI shall mutually agree on the terms and conditions for the transfer of such equity interest to CI. All strategic capital investments in the form of equity, convertible debt or debt with warrants will be brought by the CI Investment Team to the CI Eli Whitney Advisory Committee for review and subsequently to the Eli Whitney Investment Committee for approval. Any such sale or other disposition of such investment by CEFIA must be approved by the Technology Innovation Committee pursuant to Section 5.3.4 of CEFIA's By-Laws.

In the event of a payment to CEFIA as a result of a default or an assessment of a relocation penalty, CEFIA shall provide CI with any remaining funds received beyond the original CEFIA principal loan amount set forth in the Funding Agreement. CI shall reinvest such additional funds received at its discretion to support Connecticut's clean energy technology entrepreneurs.

DELIVERABLES

The objective of the TI Program investments is to accelerate Connecticut's entrepreneurial technology economy by making investments in people, clean energy technologies and emerging companies. These investments and the supporting innovation ecosystem infrastructure provided by CI support development and growth of the clean energy sector in the State, thereby creating jobs in a market that is poised to grow globally. At this time, the Parties expect that CI will manage and administer: (1) the TI Program investments selected and awarded funding under the competitive Alpha Program RFP released in March 2011 and the Op Demo Program RFP released in October 2011 and (2) other performing TI Program investments that received funding prior to the 2012 calendar year.

PROJECT PERIOD

Alpha and Op Demo Projects each include a project period during which Alpha and Operational Demonstration Projects are completed in accordance with the scope of work, budget and schedule defined in the individual Funding Agreements. Funding disbursements are made in accordance with certain performance milestones also defined in the individual Funding Agreements. During the Project Periods, project management by a qualified technical expert will be required to monitor progress against funded milestones, certify milestone completion and recommend payment. CEFIA will provide CI with funds to cover such expenses as described in the Funding Section below. CEFIA will also provide a set of written guidelines to inform this project management activity. Selection of contracted third party technical experts shall be mutually agreed upon between CI and CEFIA. CEFIA technical staff will also be available to provide support as requested by CI.

REPORTING

CI will be responsible for the accounting, monitoring and reporting of all investment activity from transition through dissolution. CI will provide CEFIA with an accounting and status of all investment activity and the likelihood of repayment on a yearly basis. The CI Investment Team will be responsible for the annual valuation of portfolio company investments and will review each portfolio company valuation with the CI Valuation Committee.

FUNDING

CEFIA shall be responsible for all funding requirements as set forth in the Funding Agreements. CI shall notify CEFIA in writing when certain payment milestone events have been achieved and CEFIA shall make payment pursuant to the terms and conditions of the Funding Agreement. CEFIA will provide CI with reasonable funds to cover expenses related to third party project management assistance by a qualified technical expert. [The Parties will not seek reimbursement for the cost of employee time attributable to the performance of the investment and technical expertise functions as described in Section 7 and 9 of the MOU for the TI Program investments described herein.]

APPROVALS

For the Clean Energy Finance and Investment Authority

Bryan Garcia, President & Chief Executive Officer Date

For Connecticut Innovations, Incorporated

Claire Leonardi, Chief Executive Officer & Executive Director Date

CEFIA TI Transition Talking Points Prepared for Claire Leonardi for May 31, 2012 BOD Meeting

High Level Points

- CI has agreed to support the transition of CEFIA's Technology Innovation Programs by taking over management of the pending pipeline of Alpha and Op Demo projects as well as mutually agreed upon current investments.
- CEFIA is evolving to become a Green Bank focused on financing scaled deployment of commercial technologies; early stage technology support is no longer core to CEFIA's goals and mandate. Given this new focus, CEFIA's Comprehensive Plan includes phase-out or transition the Technology Innovation Programs.
- CEFIA leadership also recognizes the importance new technology innovation, which seeds the future clean energy economy, and has requested our support in this transition. CI is, by far, the best qualified entity to take over management of CEFIA's early stage investments because of our mandate, investment expertise and the central role we are playing in the evolving CT Innovation Ecosystem.

Operational Details

- Management of CEFIA investments by CI is consistent with the MOU we currently have in place with CEFIA; however, we are finalizing a clarifying MOU that details our mutual obligations with respect to this transfer, to include funding from CEFIA for contracted 3rd party support.
- The CEFIA pipeline includes up to 4 Alpha projects and up to 4 Op Demo Projects, which are pending final CEFIA BOD approval.
- CEFIA will close out any existing non-performing assets and will not transition these to CI for management (Existing investments to be transitioned to CI include Optiwind and a few others).
- The assets will remain on CEFIA's books.
- Alpha and Op Demo funding is provided as unsecured loans which become due upon commercial success of the funded companies, and are to be repaid at 2X principle.

(You may not want to get into the details of equity buyout and transfer; however, if the question comes up, our plan is to include an equity conversion option when commercial success is achieved. If CI and CEFIA decide they want to exercise this option, an equity buyout and transfer agreement of the asset from CEFIA to CI would need to be established and would require BOD involvement and approval.)

CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

Market Watch Report

Residential Solar Investment Program

Program Data as of June 11, 2012

The Weekly Market Watch Report provides up-to-date information on how the Residential Solar Investment Program is performing. This program provides Connecticut residents with incentives to make smart investments and save money on their electric bills.

The Clean Energy Finance and Investment Authority now offers two different incentive models to help customers. The first model (Rebate) supports residential consumers who seek to purchase a solar PV system. The second model (PBI) is a third-party financing model designed to allow consumers access to solar PV systems with no or limited up-front costs.

Learn more at: www.ctcleanenergy.com/solarhome

Step 1 - Fully Subscribed	Rebate	PBI	Total	Average
Applications Approved	191	16	207	
Applications Completed	3		3	
Total Cost	$6,714,071	$598,429	$7,312,500	
Total kW STC	1,256	126	1,382	
Average System Size kW STC	7	8		7
Cost / kW STC	$5,345	$4,746		$5,290
Average Total Cost	$35,152	$37,402		$35,326
Total Incentive Amount	$2,220,461	$230,990	$2,451,451	
Incentive / kW STC	$1,768	$1,832		$1,773
ZREC Equivalent Incentive Price	$0.115	$0.113		

Step 2 - Effective 5/18/2012	Rebate	PBI	Total	Average
Applications Received	6	6	12	
Applications Approved	59	33	92	
Applications Completed				
Total Cost	$1,954,251	$1,142,560	$3,096,810	
Total kW STC	395	235	630	
Average System Size kW STC	7	7		7
Cost / kW STC	$4,945	$4,872		$4,918
Average Total Cost	$33,123	$34,623		$33,661
Total Incentive Amount	$627,456	$430,054	$1,057,510	
Incentive / kW STC	$1,588	$1,834		$1,679
ZREC Equivalent Incentive Price	$0.105	$0.113		
Rooftop Solar Capacity Remaining	2,405 kW	2,566 kW	4,970 kW	

About the Clean Energy Finance and Investment Authority

CEFIA was established by Connecticut's General Assembly on July 1, 2011 as a part of Public Act 11-80. This new quasi-public agency supersedes the former Connecticut Clean Energy Fund. CEFIA's mission is to help ensure Connecticut's energy security and community prosperity by realizing its environmental and economic opportunities through clean energy finance and investments. As the nation's first full-scale clean energy finance authority, CEFIA will leverage public and private funds to drive investment and scale-up clean energy deployment in Connecticut.

The Authority invests its resources in an array of enterprises, initiatives and projects aimed to:

- Attract and deploy capital to finance the clean energy goals of Connecticut
  - Help Connecticut become the most energy efficient state in the nation
  - Help scale-up the deployment of renewable energy in the state
  - Provide support for the infrastructure needed to lead the clean energy economy
- Develop and implement strategies that bring down the cost of clean energy in order to make it more accessible and affordable to consumers
- Reduce reliance on grants, rebate and other subsidies and move towards innovative low-cost financing of clean energy deployment

Environmental Factors

Lifetime CO_2 Reduction	Lifetime NO_x Reduction	Lifetime SO_2 Reduction	Annual Cars off the Road	Equivalent Acres of Trees Planted
49,577,187 lbs.	22,470 lbs.	20,558 lbs.	165	331

CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

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2012 Audit Plan for

Clean Energy Finance and Investment Authority

MARCUM
ACCOUNTANTS ▲ ADVISORS

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MARCUM
ACCOUNTANTS ▲ ADVISORS

June 4, 2012

To the Audit, Compliance and Governance Committee
of the **Clean Energy Finance and Investment Authority**

We are pleased to present our plan to provide professional services for the annual financial and A-133 federal single audits of the Clean Energy Finance and Investment Authority (CEFIA) for the year ended June 30, 2012.

This report summarizes our engagement scope, analysis of audit risks, our planned approach to performing the audits, the audit timetable, communication protocols and other matters.

This meeting is a forum for you to review and approve our proposed scope and to provide any input that may affect our scope.

Our current year's plan focuses on risks and is designed to maximize audit efficiency and effectiveness and may be supplemented to address any specific areas you might request. Our audits will provide the objectivity and independence that you, management, the regulators and other stakeholders expect.

If you have any questions or comments, please contact John H. Schuyler at (860) 218-1418 or William D. Sawicki at (203) 401-2106.

This report is intended solely for the Audit, Compliance and Governance Committee and management of CEFIA. It is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Marcum LLP

William D. Sawicki

William D. Sawicki
Director

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Communications With Those Charged With Governance

An essential key to providing value is determining the protocols of how we will work together. A key protocol in working with governance is communication. At a minimum, this will include a series of discussions and reports with respect to each discrete area. Such communications will describe the results of our audit procedures, our observations, and best practices. We will provide written recommendations concerning matters that we believe require management's attention, as well as management's response. We will meet with you to summarize activities and present significant findings.

We expect to meet with you throughout the year to discuss, among other matters, our audit plan, our audit results, new accounting and auditing standards, and our assessment of the quality of the accounting and financial reporting functions. You have the office telephone numbers of the executives assigned to CEFIA's audits and we encourage you to call them with any questions, comments, or concerns that arise at any time during the year.

We will promptly notify you of:

- Any audit differences, for which management's viewpoint differs from our own;
- Disagreements with management, that if not resolved to our satisfaction, would lead to a qualification of our report;
- Significant internal control deficiencies, illegal acts and fraud; and
- Any unresponsiveness of management with respect to critical internal control weaknesses or other audit findings.

Consistent with every facet of the audits, we encourage your suggestions to improve the communication process.

COMMUNICATION OF AUDIT RESULTS

After the completion of our audits, we will meet with you to discuss the financial statements and our related auditors' reports thereon and summarize the results of our 2012 audits. In connection therewith, we will specifically inform you about:

- Other material written communications with management, including the management letter;
- All significant accounting policies and material permitted practices;
- The adoption of new accounting principles, changes in accounting principles, and the completeness and clarity of disclosures; including the new reporting basis under Government Accounting Standards brought about by the change in CEFIA's business model and GASB 54;
- Our responsibilities under auditing standards generally accepted in the United States as well as under *Government Auditing Standards* issued by the Comptroller General of the United States;
- Significant sensitive accounting estimates;
- Significant audit adjustments and proposed but unrecorded adjustments;
- Disagreements with management about auditing, accounting or disclosure matters;
- Management's consultations with other auditors;
- Difficulties encountered relating to the performance of the audits;
- Material errors or fraud or possible illegal acts;
- Material weaknesses or significant deficiencies in internal control;
- Our assessment of the quality and quantity of CEFIA's accounting personnel; and
- Major issues discussed with management prior to retention.

Independence Confirmation

As required by professional standards, we communicate with you regarding all relationships between Marcum LLP and its related entities (collectively, “the Firm”) and CEFIA that, in our professional judgment, may reasonably be thought to bear on our independence. We are not aware of any relationships between the Firm and CEFIA that, in our professional judgment, may reasonably be thought to bear on our independence.

> We hereby confirm that as of June 30, 2012, we are independent with respect to CEFIA, within the meaning of the published rules and regulations of the American Institute of Certified Public Accountants, and the State of Connecticut Board of Public Accountancy. Additionally, we are independent of CEFIA under *Government Auditing Standards*, issued by the Comptroller General of the United States

Scope of Services

Marcum LLP is pleased to provide the following services to CEFIA:

- Audit of the 2012 financial statements of the Clean Energy Finance and Investment Authority;
- A-133 federal single audit for CEFIA for the year ended June 30, 2012; and
- Review systems of internal control for the purpose of issuing no material weakness letters and management letters with recommendations to enhance CEFIA’s internal controls.
- Assistance with setting up the beginning balance sheet of the assets and liabilities assumed by CEFIA from the Connecticut Clean Energy Fund

Government Accounting Standards

In addition to this audit plan, and relating to the fourth bullet above, we have also prepared for the Committee our review of reporting options under Government Accounting Standards. The nature of CEFIA’s business model has changed and it no longer fits the definition of a special revenue fund under Government Accounting Standards Board (GASB).

Audit Approach

Our audit approach is customized to audit the financial statements of CEFIA in the most effective manner. We will utilize an integrated approach which is focused on CEFIA's internal controls over financial reporting (internal controls) in an effort to gain effectiveness and efficiencies resulting from implementing procedures that allow us to rely on those controls.

We will also focus on higher risk areas including the CEFIA's accounts requiring significant estimates by management and other risks identified in the table below. Our audits will be designed to detect material errors in accounts. We will base our materiality limits on qualitative and quantitative measures and will discuss our specific planning materiality levels for the 2012 audits with you privately when we meet.

In conducting our audits, we maintain an awareness of the possibility that errors, fraud or illegal acts (as defined in authoritative professional literature) may have occurred that could have a material and direct effect on the financial statements. Effective internal controls are designed to prevent, or detect and correct errors, fraud or illegal acts. However, it is possible that they may nevertheless occur. Although audits made in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards* cannot provide absolute assurance that such errors, fraud or illegal acts will be detected, we have planned our audits to search for any that would have a material and direct effect on the financial statements. We will immediately report to you (and management) any such situations that come to our attention even though they may not be material in relation to the financial statements taken as a whole.

We will also work with CEFIA to establish a secure, controlled portal to exchange documents and assist coordination.

Audit Risks

Our audit process is based on our risk assessment. The following is a summary of the key risks and our audit strategy to address these risks:

Audit Risk Area	Audit Strategy
Investments and Solar Notes	Confirm investments and notes and reconcile to the general ledger Test investment values to independent pricing sources Review management's process to value any alternative investments and determine the reasonableness of management's conclusions Review management's process to identify other-than-temporary valuation declines and determine the reasonableness of management's conclusions Perform analytical procedures to determine the reasonableness of investment yields and test interest and dividend transactions
Information Technology	Review general IT controls over access and program changes
Commitments and Contingencies	Review agreements in place to ensure appropriate accounting and disclosure
Federal Single Audit Compliance	Audit compliance with the requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133, and on the schedule of expenditures of federal awards

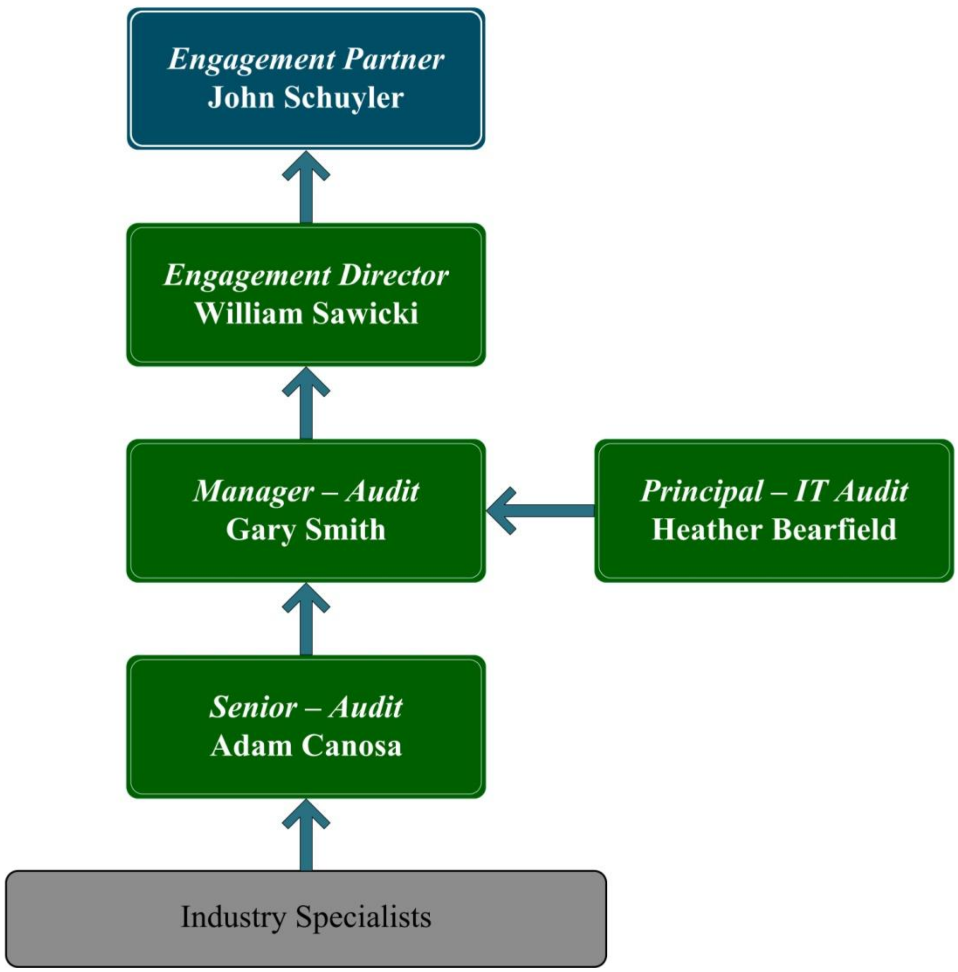
Audit Timetable

The following timetable highlights major activities that are key elements of our 2012 audit plan:

Activities	Date/Period
Present Audit Plan to Governance	June 4, 2012
Planning meeting with CEFIA personnel regarding operating, accounting and reporting matters and understand management expectations, business strategies/objectives and detailed audit plan	June 2012
Planning procedures	July 2012
Complete planning procedures and begin interim audit procedures	July 2012
Mail account confirmations	July 2012
Perform year-end procedures	August 13, 2012 to September 3, 2012
Marcum LLP to provide comments on the audited financial statements and recommendations on internal control to management	Early September 2012
Agree to the final form and content of the audited financial statements with management	September 12, 2012
Meet with the Committee and Board of Directors to discuss audit results	September 17, 2012 (Committee) and September 21, 2012 (Board of Directors)
Provide signed audit report	On or before October 1, 2012

Marcum LLP Engagement Team

The structure of the Marcum LLP Team is outlined below:



BYLAWS OF THE
CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY
ARTICLE III
OFFICERS AND EMPLOYEES

3.1 **Officers**. The Board shall have the power to create positions for such officers as it may deem to be in the interests of the Authority, and shall define the powers and duties of all such officers. All such officers shall be subject to the orders of the Board and serve at its pleasure. Such officers shall include a President and may include a Director of Finance and Chief Investment Officer, a General Counsel and such other officers as the Board may determine to be appropriate. The Board shall be responsible for determining or approving compensation for each officer.

3.2 **President**. The Board shall hire a President. The President shall be the chief executive officer of the Authority and shall have such duties and responsibilities as may be determined by the Board, except that the duties and responsibilities of the office of President shall not include those required by the Statute or these Bylaws to be performed by the Chairperson or the Board or otherwise in conflict with law. The President shall be a non-voting, *ex officio* member of the Board pursuant to the Statute. The Board may delegate to such other person or persons all or part of the duties of the President. The President may, with the approval of the Board, assign or delegate to the officers and employees of the Authority any of the powers that, in the opinion of the President, may be necessary, desirable, or appropriate for the prompt and orderly transaction of the business of the Authority.

3.3 **Acting President**. The Board may, by resolution adopted by a majority vote, appoint some other person to serve as Acting President and perform the duties of the President in the event of the death, inability, absence, or refusal to act of the President. The Acting President shall be subject to all of the same restrictions placed upon the President.

3.4 **Chief Investment Officer**. The Board may appoint a Chief Investment Officer (CIO). The CIO shall have such duties and responsibilities as may be determined by the Board, except that the duties and responsibilities of the office of CIO shall not include those required by the Statute or these Bylaws to be performed by the Chairperson or the Board or otherwise in conflict with law. The CIO shall not be a Director.

3.5 **General Counsel**. The Board may appoint a General Counsel. The General Counsel shall be the chief legal officer of the Authority and shall have such duties and responsibilities as may be determined by the Board, except that the duties and responsibilities of the office of General Counsel shall not include those required by the Statute or these Bylaws to be performed by the Chairperson or the Board or otherwise in conflict with law. The General Counsel shall not be a Director.

3.6 **Additional Officers and Other Personnel**. The Authority may from time to time employ such other personnel as it deems necessary to exercise its powers, duties, and functions pursuant to the Statute and any and all other laws of the State of Connecticut applicable thereto. The President shall develop a staffing plan which shall include without limitation a chart of positions and position descriptions for the Authority, personnel policies and procedures, and related compensation levels. Such staffing plan may provide for officers of the Authority in addition to those specifically provided for in these Bylaws, and the appointment of such officers shall be in the discretion of the President, except as the Board may otherwise determine. The President shall deliver the staffing plan to the Budget and Operations Committee for its review and approval pursuant to Article V, Section 5.3.2 hereof.

3.7 Signature Authority; Additional Duties. The President and officers of the Authority shall have such signature authority as is provided in the Authority's Operating Procedures, and as may from time to time be provided by resolution of the Board. The officers of the Authority shall perform such other duties and functions as may from time to time be required.

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CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

Memo

To: CEFIA Board of Directors

From: David R. Goldberg

CC: Bryan Garcia

Date: June 14, 2012

Re: CCEF Fiscal Year 2011 Annual Report

The attached Draft annual report represents the Connecticut Clean Energy Funds (CCEF) Fiscal Year (FY) 2011 annual report. Pursuant to Conn. Gen. Stat. 16-245n(f)(1) the Clean Energy Finance and Investment Authority (CEFIA) Board of Directors is required to issue an annual report to the Department of Energy and Environmental Protection and to the joint standing committees of the General Assembly having cognizance of matters relating to energy and commerce and the Office of Consumer Counsel.

The resolution below would allow the staff to submit the CCEF's FY11 Annual Report to the appropriate parties currently designated in statute. This report represents the final report of the former CCEF. The Fiscal Year 2012 Annual Report will represent the first annual report of the Clean Energy Finance and Investment Authority.

Staff anticipates preparing a Fiscal Year 2012 CEFIA draft annual report for the Board's consideration in the fall of this year.

WHEREAS, Section 16-245n(f)(1) of the State of Connecticut General Statutes, as amended by Public Act 11-80, requires the Board of Directors of the Clean Energy Finance and Investment Authority ("CEFIA") to provide an annual report to the Department of Energy and Environmental Protection and the joint standing committees of the General Assembly having cognizance of matters relating to energy and commerce and the Office of Consumer Counsel;

WHEREAS, CEFIA, as the successor organization of the Connecticut Clean Energy Fund (Fund), intends to submit such annual report on behalf of the Fund for fiscal year 2011;

NOW, therefore be it:

RESOLVED, that the CEFIA Board of Directors hereby approves the attached Annual Report of the Fund for fiscal year 2011.

CONNECTICUT
CLEAN ENERGY FUND

Annual Report of Activities
Fiscal Year 2011

The Connecticut Clean Energy Fund

Annual Report FY 2011

Who We Were Then

The Connecticut Clean Energy Fund (CCEF) was created by the state legislature in 1998 under Public Act 98-28 and launched in 2000. The Fund was administered by Connecticut Innovations and charged with supporting developments, investments, and the promotion of Connecticut clean energy sources.

The CCEF Mission:

Promote, develop, and invest in clean energy sources for Connecticut.

The CCEF Vision:

Connecticut will lead the nation in attaining a sustainable balance of energy production, economic growth, and environmental impact.

What We Did

Historically, the Fund provided financial incentives in the form of grants, rebates, loans, and other mechanisms to support the purchase and use of clean distributed generation.

During Fiscal Year 2011 the Fund continued to support individuals, businesses, and municipalities in the development and installation of clean energy systems through a variety of incentive programs. Additionally, CCEF offered programs and opportunities for clean energy awareness, workforce development, partnerships in emerging technologies, and other activities supporting clean energy in Connecticut.

This Annual Report includes an audited financial report as well as a town-by-town summary of CCEF clean energy project support.

Who We Are Now

In July 2011, the Connecticut General Assembly and Governor Malloy passed Public Act 11-80, An Act Concerning the Establishment of the Department of Energy And Environmental Protection and Planning for Connecticut's Energy Future. Section 99 of P.A. 11-80 created the Clean Energy Finance and Investment Authority (CEFIA), a quasi-public entity. The CCEF which was previously administered by Connecticut Innovations was then repurposed within CEFIA and given a broader mandate. CEFIA will seek to leverage private capital and address market barriers to support Connecticut's Clean Energy Goals.

Mission:

The mission of the Clean Energy Finance and Investment Authority is to support the Governor's and legislature's strategies to achieve cleaner, cheaper, and more reliable sources of energy through clean energy finance.

Vision:

The vision of the Clean Energy Finance and Investment Authority is to help ensure Connecticut's energy security and community prosperity by realizing its environmental and economic opportunities through clean energy finance and investments.

Goals:

The Authority achieves its vision and mission through the following strategic goals:

- Attracting and deploying capital to finance the clean energy goals for Connecticut, which include:
  - Helping Connecticut become the most energy efficient state in the nation
  - Helping scale-up the deployment of renewable energy in the state
  - Providing support for the infrastructure needed to lead the clean energy economy
- Developing and implementing strategies that bring down the cost of clean energy in order to make it more accessible and affordable to consumers
- Reducing market reliance on grants, rebates, and other subsidies and move towards innovative low-cost financing of clean energy deployment

Through the objective of maximizing the deployment of clean energy per ratepayer (or taxpayer) dollar at risk, the Authority seeks to scale-up the investment in Connecticut's clean energy economy.

Collaboration between CCEF and the Connecticut Energy Efficiency Fund

The CCEF continues to work with the Energy Conservation Management Board (ECMB), the Connecticut Energy Efficiency Fund (CEEF), and the electric distribution companies to further develop and promote program linkages between the renewable energy programs and energy efficiency programs. Collaborative efforts have resulted in the requirement that all projects under the On-Site Renewable Distributed Generation Program have an energy audit and implement any energy-efficient measures that provide a payback of five (5) years or less before the CCEF will fund the renewable system. Additionally, a CEEF energy audit is now required prior to participation in the CCEF's residential rebate program. Increased coordination of energy efficiency and renewable energy efforts will lead to buildings and projects with greater reductions in energy use and peak demand in the most cost-effective manner. Future areas of collaboration will include joint-financing and marketing programs.

On-Site Renewable Distributed Generation Program

The On-Site Renewable Distributed Generation Program (OSDG) is a flexible, integrated-technology, financial support program designed to stimulate demand for "behind the meter" installations of renewable energy at commercial, industrial, institutional (CI&I), not-for-profit, and governmental buildings, and affordable housing in Connecticut.

Small Solar Program

Under the CCEF's Residential and Small System Rebate Program, rebates are offered through designated participating installers for Connecticut residents that install systems of ten (10) kW or less on their homes, including the Solar Lease Program. The Solar Lease Program provides leases to households for installation of solar PV systems. The Program has reached low and moderate income households.

American Recovery and Reinvestment Act (ARRA)

CCEF uses ARRA funds to further incent clean energy generation supporting the demand of Solar PV, Fuel Cell, Solar Hot Water, and Ground-Source Heat Pumps.

Clean Energy Communities Program

The CCEF has developed a series of programs to support voluntary clean energy markets in Connecticut. These programs not only have raised awareness of the benefits and availability of clean renewable energy but also have accelerated the growth of the CTCleanEnergyOptions[sm] program, purchases of renewable energy credits (RECs), and installation of clean energy systems in the state. Many of these programs incentives are interrelated, leading to a rapidly expanding network of clean energy communities in Connecticut.

The Connecticut Clean Energy Communities Program is an award-winning program that challenges municipal governments, businesses, institutions, and households to support clean energy. Under this program, communities can earn clean energy systems for municipal buildings, such as schools, libraries, community centers, and town halls.

*This is the final annual report for the Clean Energy Fund pursuant to Connecticut General Statute 16-245n(f). The next annual report will be the first annual report of the Clean Energy Finance and Investment Authority.

Generating Clean Energy
Across Connecticut

Summary of Approved, Funded or Earned Activity During Fiscal Year 2011

Municipality	ARRA Incentive Amount	Commercial Installations (OSDG) Incentive Amount	Commercial Installations (OSDG) kW AC	Small Solar Incentive Amount	Small Solar kW AC	Communities Incentive Amount	Communities kW AC	Total Incentive Amount	Total kW AC	Total # Projects
Andover	$3,150			$8,237	3.91			$11,387	3.91	2
Ansonia				$16,332	4.09			$16,332	4.09	1
Ashford	$6,000			$144,401	34.58			$150,401	34.58	8
Avon	$32,370			$22,915	10.45			$55,285	10.45	7
Barkhamsted	$5,670			$33,931	6.42			$39,601	6.42	2
Beacon Falls	$6,000			$30,513	6.28			$36,513	6.28	2
Berlin	$8,000			$58,153	11.88			$66,153	11.88	3
Bethany				$9,533	5.70	$157,556	12.66	$167,089	18.37	5
Bethel	$7,200							$7,200		1
Bethlehem				$170,932	46.36			$170,932	46.36	8
Bloomfield		$699,305	241.46					$699,305	241.46	1
Bolton	$1,050			$0	0.84			$1,050	0.84	2
Branford	$13,539			$82,859	18.83	$57,472	5.43	$153,871	24.26	9
Bridgeport				$5,625	2.98	$17,070	1.55	$22,695	4.53	2
Bristol				$97,932	21.70			$97,932	21.70	4
Brookfield	$8,000			$20,318	3.93			$28,318	3.93	2
Brooklyn	$2,635			$62,333	13.76			$64,968	13.76	4
Burlington	$24,000			$94,393	17.96			$118,393	17.96	7
Canaan				$30,148	7.11			$30,148	7.11	2
Canterbury				$65,226	12.67			$65,226	12.67	2
Canton				$29,827	8.51	$26,401	2.33	$56,228	10.83	2
Chaplin				$34,951	8.45			$34,951	8.45	2
Cheshire	$8,710			$43,447	12.92	$44,730	3.88	$96,887	16.79	6
Chester				$10,616	5.58			$10,616	5.58	1
Clinton	$2,924			$42,180	15.71			$45,104	15.71	4
Colchester	$32,694			$221,230	61.83			$253,924	61.83	19
Colebrook	$3,530							$3,530		2
Columbia	$9,257			$106,477	28.16			$115,734	28.16	8
Cornwall				$40,335	22.72	$88,477	6.98	$128,812	29.70	5
Coventry	$21,865			$161,823	37.27	$34,494	1.55	$218,182	38.82	13
Cromwell		$850,000	267.18	$31,435	6.51			$881,435	273.69	3
Danbury				$195,775	50.75			$195,775	50.75	9
Darien	$7,200			$19,102	9.78			$26,302	9.78	3
Deep River	$3,125			$10,306	3.73			$13,431	3.73	2

Municipality	ARRA Incentive Amount	Commercial Installations (OSDG) Incentive Amount	Commercial Installations (OSDG) kW AC	Small Solar Incentive Amount	Small Solar kW AC	Communities Incentive Amount	Communities kW AC	Total Incentive Amount	Total kW AC	Total # Projects
Durham	$9,074			$114,412	34.20			$123,485	34.20	7
East Granby				$10,753	6.14			$10,753	6.14	1
East Haddam	$23,055			$114,695	42.10			$137,750	42.10	12
East Hampton	$7,561			$108,912	24.30			$116,473	24.30	6
East Hartford				$23,873	5.86			$23,873	5.86	1
East Haven		$731,047	134.37					$731,047	134.37	4
East Lyme	$12,600	$19,520	3.88	$81,263	25.94			$113,383	29.83	7
East Windsor	$7,804			$50,152	10.32			$57,956	10.32	4
Eastford				$34,131	12.02			$34,131	12.02	3
Easton				$21,240	4.19	$38,660	3.88	$59,900	8.06	2
Ellington	$13,600			$160,696	37.55			$174,296	37.55	8
Enfield	$10,000			$128,470	31.76			$138,470	31.76	6
Essex	$19,024					$18,656	1.55	$37,680	1.55	5
Fairfield	$23,788	$731,291	400.00	$122,296	32.39	$27,770	1.55	$905,145	433.94	14
Farmington	$40,400			$52,569	13.81			$92,969	13.81	8
Franklin	$10,000							$10,000		1
Glastonbury	$45,600			$131,486	27.44	$47,531	3.10	$224,617	30.54	13
Goshen				$26,811	5.35			$26,811	5.35	1
Granby	$13,236			$90,149	24.06			$103,385	24.06	7
Greenwich	$18,645			$68,796	22.79			$87,441	22.79	9
Griswold	$1,920			$132,063	33.86			$133,983	33.86	6
Groton	$16,200			$37,701	7.81			$53,901	7.81	4
Guilford	$55,203			$78,725	32.48			$133,928	32.48	14
Haddam	$23,856			$95,850	26.95			$119,706	26.95	11
Hamden	$456,885	$830,400	193.47	$141,978	30.64	$82,468	6.98	$1,511,731	231.08	21
Hampton	$17,942	$8,850	2.57	$26,581	11.98			$53,373	14.55	6
Hartford	$32,172			$9,815	4.99	$68,065	6.20	$110,052	11.19	4
Hartland	$2,400							$2,400		1
Harwinton	$4,800							$4,800		1
Hebron	$3,773	$17,400	4.94	$126,662	26.88			$147,835	31.82	8
Kent				$75,907	23.10			$75,907	23.10	4
Killingly	$2,100	$43,420	9.51	$56,054	17.52			$101,574	27.04	5
Killingworth	$13,585			$99,132	23.55			$112,717	23.55	7
Lebanon	$11,500			$2,950	1.78			$14,450	1.78	4
Ledyard	$15,400			$14,570	11.16			$29,970	11.16	4
Lisbon				$13,549	4.77			$13,549	4.77	1
Litchfield	$43,850			$211,761	49.14			$255,611	49.14	10
Lyme	$13,800			$22,056	12.69			$35,856	12.69	4

Summary of Approved, Funded or Earned Activity During Fiscal Year 2011

Municipality	ARRA Incentive Amount	Commercial Installations (OSDG) Incentive Amount	Commercial Installations (OSDG) kW AC	Small Solar Incentive Amount	Small Solar kW AC	Communities Incentive Amount	Communities kW AC	Total Incentive Amount	Total kW AC	Total # Projects
Madison	$10,800	$166,735	34.73	$106,552	37.24	$22,710	3.10	$306,797	75.07	9
Manchester	$90,715			$138,957	34.15	$25,014	2.33	$254,686	36.48	14
Mansfield	$21,150	$69,825	10.61	$104,033	22.27	$65,109	5.43	$260,117	38.31	15
Marlborough	$12,252			$87,440	28.42			$99,692	28.42	7
Meriden	$5,375			$41,366	12.73			$46,741	12.73	4
Middlebury	$12,000	$808,185	400.00	$38,458	8.87			$858,643	408.87	3
Middlefield		$111,660	38.85	$66,968	19.78			$178,628	58.62	5
Middletown	$14,632			$105,049	30.74	$21,005	1.55	$140,686	32.29	11
Milford	$5,809			$139,618	43.52	$46,602	3.10	$192,029	46.62	13
Monroe	$6,300			$54,411	17.58			$60,711	17.58	4
Montville	$5,250			$161,461	47.13			$166,711	47.13	8
Morris	$1,941			$21,338	5.12			$23,279	5.12	2
Naugatuck				$29,885	6.35			$29,885	6.35	1
New Britain		$222,865	62.76	$13,707	5.23			$236,572	68.00	2
New Canaan	$25,538			$4,094	2.09			$29,632	2.09	5
New Fairfield	$17,348			$25,768	13.55			$43,116	13.55	6
New Hartford				$71,041	14.31			$71,041	14.31	3
New Haven	$122,395	$985,000	400.00	$93,132	25.56	$25,676	1.55	$1,226,203	427.11	12
New London				$5,646	3.07			$5,646	3.07	1
New Milford	$46,000			$69,020	21.12			$115,020	21.12	7
Newington	$6,720			$18,429	6.11			$25,149	6.11	4
Newtown	$3,315			$141,808	33.12	$33,214	3.88	$178,337	37.00	8
Norfolk				$23,187	4.28	$55,913	3.88	$79,100	8.15	2
North Branford				$22,322	5.97			$22,322	5.97	1
North Haven	$1,459			$60,836	13.05	$20,786	3.10	$83,081	16.15	4
North Stonington	$48,758			$91,117	20.39			$139,875	20.39	9
Norwalk	$7,200			$177,429	38.87			$184,629	38.87	9
Norwich	$6,000							$6,000		1
Old Lyme	$23,200	$24,210	4.62	$61,292	25.08			$108,702	29.70	9
Old Saybrook	$8,380			$16,503	9.30			$24,883	9.30	4
Orange	$6,900			$162,252	46.71	$0	1.03	$169,152	47.74	9
Oxford	$15,650			$61,592	19.08			$77,242	19.08	7
Plainfield				$101,342	23.72			$101,342	23.72	3
Plainville				$33,669	6.00			$33,669	6.00	1
Plymouth	$6,000			$71,460	14.25			$77,460	14.25	3
Pomfret	$8,000	$707,150	143.01	$62,022	15.16			$777,172	158.17	4

Municipality	ARRA Incentive Amount	Commercial Installations (OSDG) Incentive Amount	Commercial Installations (OSDG) kW AC	Small Solar Incentive Amount	Small Solar kW AC	Communities Incentive Amount	Communities kW AC	Total Incentive Amount	Total kW AC	Total # Projects
Portland	$10,200			$53,087	13.29	$46,158	3.88	$109,445	17.16	6
Preston				$30,772	6.70			$30,772	6.70	1
Prospect	$4,800			$9,371	4.88			$14,171	4.88	2
Putnam		$148,456	23.99	$78,524	15.69			$226,980	39.68	4
Redding	$12,000			$77,320	22.39	$24,139	2.33	$113,459	24.71	5
Ridgefield	$3,268			$36,141	8.70	$129,789	11.63	$169,198	20.32	4
Rocky Hill				$85,698	21.73			$85,698	21.73	4
Roxbury				$61,977	16.60			$61,977	16.60	4
Salem	$12,000							$12,000		1
Salisbury				$58,299	18.32			$58,299	18.32	3
Scotland				$64,670	18.12			$64,670	18.12	3
Seymour	$7,200			$1,031	0.54			$8,231	0.54	2
Sharon				$17,523	11.65			$17,523	11.65	2
Shelton	$10,000			$125,599	27.41			$135,599	27.41	6
Sherman	$24,000			$5,866	2.85			$29,866	2.85	3
Simsbury	$34,800			$44,599	8.34			$79,399	8.34	6
Somers	$16,650			$12,708	7.25			$29,358	7.25	4
South Windsor	$10,832			$82,092	22.58			$92,924	22.58	6
Southbury				$98,997	22.46			$98,997	22.46	5
Southington	$9,600			$61,320	10.63			$70,920	10.63	5
Stafford	$4,200			$71,005	13.58			$75,205	13.58	3
Stamford	$45,494	$605,256	118.31	$84,468	33.55	$149,024	17.83	$884,242	169.69	15
Stonington	$6,000			$141,622	45.16			$147,622	45.16	7
Stratford		$195,745	61.11	$102,986	21.57			$298,731	82.68	7
Suffield	$12,000			$53,768	15.37			$65,768	15.37	5
Thomaston				$25,747	5.30			$25,747	5.30	1
Thompson				$244,961	48.42			$244,961	48.42	6
Tolland				$28,893	5.95			$28,893	5.95	1
Torrington		$882,000	400.00	$81,406	18.69			$963,406	418.69	4
Trumbull	$11,810			$123,106	28.05			$134,916	28.05	7
Vernon	$16,853			$77,641	19.88			$94,494	19.88	4
Voluntown	$6,000			$91,696	23.51			$97,696	23.51	4
Wallingford	$4,800							$4,800		1
Washington		$837,569	184.16	$39,983	27.59			$877,552	211.75	4
Waterbury	$25,200			$153,916	32.88			$179,116	32.88	11
Waterford	$309,600	$75,800	26.88	$168,436	38.12			$553,836	65.00	10

Municipality	ARRA Incentive Amount	Commercial Installations (OSDG) Incentive Amount	Commercial Installations (OSDG) kW AC	Small Solar Incentive Amount	Small Solar kW AC	Communities Incentive Amount	Communities kW AC	Total Incentive Amount	Total kW AC	Total # Projects
Watertown	$10,000			$86,659	16.74			$96,659	16.74	4
West Hartford	$7,200			$97,378	26.94	$97,382	6.98	$201,960	33.91	10
West Haven				$38,388	7.81			$38,388	7.81	2
Westbrook	$8,930	$478,962	56.39	$83,836	20.00			$571,728	76.39	7
Weston	$7,200			$43,598	10.12	$39,950	3.10	$90,748	13.22	4
Westport	$12,600			$39,240	17.29	$43,886	5.43	$95,726	22.72	8
Wethersfield				$7,637	1.84			$7,637	1.84	1
Willington	$2,980			$86,055	21.93			$89,035	21.93	6
Wilton	$11,305	$76,788	15.80	$56,403	22.72	$35,975	3.88	$180,470	42.40	9
Winchester				$81,639	22.83			$81,639	22.83	3
Windham	$9,750			$28,863	7.84			$38,613	7.84	5
Windsor	$16,805			$104,222	23.59	$13,024	1.55	$134,051	25.14	9
Windsor Locks	$7,200			$42,486	13.54			$49,686	13.54	3
Wolcott	$17,650			$41,666	7.81			$59,316	7.81	4
Woodbridge	$4,443			$80,122	21.86	$26,480	1.03	$111,045	22.89	6
Woodbury	$18,300			$85,489	21.30			$103,789	21.30	5
Woodstock	$18,000			$53,034	12.11			$71,034	12.11	4
Grand Total	**$2,465,446**	**$10,327,439**	**3,238.61**	**$10,422,488**	**2,774.82**	**$1,631,186**	**144.15**	**$24,846,559**	**6,157.58**	**853**

CONNECTICUT CLEAN ENERGY FUND

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Administered by Connecticut Innovations

CONNECTICUT CLEAN ENERGY FUND
(A Special Revenue Fund of the State of Connecticut)

FINANCIAL STATEMENTS

JUNE 30, 2011

CONNECTICUT CLEAN ENERGY FUND

CONTENTS

MARCUM
ACCOUNTANTS ▲ ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Connecticut Clean Energy Fund

We have audited the accompanying balance sheet and statement of net assets of the Connecticut Clean Energy Fund (the "Fund") (a Special Revenue Fund of the State of Connecticut) as of June 30, 2011 and the related statement of revenues, expenditures and changes in fund balance and statement of activities for the year then ended. These financial statements are the responsibility of Connecticut Clean Energy Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the balance sheet and statement of net assets of the Connecticut Clean Energy Fund as of June 30, 2011 and the changes in financial position and changes in net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2011 on our consideration of Connecticut Clean Energy Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Marcum LLP ▪ City Place II ▪ 185 Asylum Street ▪ 17th Floor ▪ Hartford, CT 06103 ▪ Phone 860.549.8500 / 877.231.5351 ▪ Fax 860.549.8501 ▪ marcumllp.com

Management's Discussion and Analysis on pages 3 through 5 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consist primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Marcum LLP

Hartford, CT
November 30, 2011

The following Management's Discussion and Analysis (MD&A) provides an overview of the financial performance of the Connecticut Clean Energy Fund (the Fund) (a Special Revenue Fund of the State of Connecticut) for the fiscal year ended June 30, 2011. The information contained in this MD&A should be considered in conjunction with the information contained in the financial statements and notes to financial statements included in the "Financial Statements" section of this report.

FINANCIAL STATEMENTS PRESENTED IN THIS REPORT

The Fund was created to promote investment in renewable energy sources in accordance with a comprehensive plan developed by the Fund to foster the growth, development and commercialization of renewable energy sources and related enterprises, and to stimulate demand for renewable energy and the deployment of renewable energy sources, which serve end-use customers in the State.

The Fund's basic financial statements consist of government-wide financial statements, fund financial statements and notes to the financial statements.

The government-wide financial statements, consisting of the statements of net assets and activities, are designed to provide readers with a broad overview of the Connecticut Clean Energy Fund's finances in a manner similar to private-sector business. All the resources the Fund has at its disposal are shown, including long-term investments. They provide both long-term and short-term information about the Fund's overall financial status.

The statement of net assets presents information on all Fund assets and liabilities, with the difference reported as net assets. Over time, increases and decreases in net assets may serve as an indicator of whether the financial position of the Fund is improving or deteriorating.

The statement of activities presents information showing how the Fund's net assets changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in some future fiscal period.

Fund financial statements, consisting of the balance sheet and statement of revenues, expenditures and changes in fund balance, focus on current financial resources and omit long-term investments.

Notes to the financial statements provide additional detailed information to supplement the basis for reporting and nature of key assets and liabilities.

FINANCIAL HIGHLIGHTS OF FISCAL 2011

NET ASSETS

Net assets increased by $7.0 million to $72.8 million at June 30, 2011. Cash and certificates of deposit increased by $1.7 million in 2011 to $59.9 million. Cash increased primarily as a result of an increase in utility assessment revenues, and grant revenues received during 2011.

As of June 30, 2011, the Board of Directors designated $34.2 million in net assets to fund outstanding grant commitments as described in Note 6. These grants are expected to be paid over the next two fiscal years. The Fund has also budgeted an additional $36 million to fund new grants which are expected to be awarded over the next year.

The Fund will continue to face challenges in the near term as it tries to meet its objectives. The type of investments the Fund makes are in new and unproven renewable energy technologies, which will take time to mature and involve considerable risk.

Other assets are composed primarily of utility customer assessments receivables, Regional Greenhouse Gas Initiative (RGGI) auction receivables and promissory notes purchased to fund a residential photovoltaic equipment lease program as of the end of the fiscal year.

The following table summarizes the net assets at June 30, 2011 and 2010 (in thousands):

Net Assets
(in thousands)

	2011	2010	Increase (Decrease)
Cash, certificates of deposit	$ 59,899	$ 58,198	$ 1,701
Investments	1,699	1,349	350
Promissory notes	10,663	6,288	
Other assets	4,735	4,877	(142)
Total assets	76,996	70,712	6,284
Current liabilities	4,216	4,981	(765)
Total liabilities	4,216	4,981	(765)
Restricted	234	289	(55)
Unrestricted	72,546	65,442	7,104
Total net assets	$ 72,780	$ 65,731	$ 7,049

CHANGES IN NET ASSETS

Revenues from utility customer assessments were $28.4 million for 2011 compared to $27.3 million in 2010. The net increase of $1.1 million was primarily a result of an increase in utility usage.

Revenues from interest on cash deposits decreased $.3 million to $.1 million in 2011. Interest on short-term investments and cash deposits decreased due to the decrease in the average cash balance on hand and lower interest rates. The fund received $3.4 million from the state in RGGI auction proceeds during the year.

Total expenditures for grants and programs in 2011 were $24.3 million, a decrease of $11.7 million from the prior year. Grant and program expenditures fluctuate from year to year as they are based on the achievement of contract milestones by the grantee. During 2011, the Fund committed a total of $16 million for new grants and programs.

Program expenses increased slightly by $.2 million to $3.8 million due to increases in costs to administer the Fund's various programs. General and administrative expenses decreased by $.4 million to $1.4 million.

Realized gains on program investments increased by $.2 million over the prior year and unrealized appreciation on these investments decreased by $59,000 as a result of Renewable Energy Credit activity during the year.

The following table summarizes the changes in net assets between June 30, 2011 and 2010 (in thousands):

Changes in Net Assets
(in thousands)

	2011	2010	Increase (Decrease)
Revenues	$ 36,391	$ 33,126	$ 3,265
Operating expenses:			
Grants and program investments	24,254	35,943	(11,689)
Program expenses	3,772	3,590	182
General and administrative expense	1,436	1,859	(423)
Total operating expenses	29,462	41,392	(11,930)
Operating income	6,929	(8,266)	15,195
Net change in unrealized appreciation in fair value of investments	(58)	1,469	(1,527)
Net realized (loss) gain on investments	178	(1,525)	1,703
Net change in net assets	$ 7,049	$ (8,322)	$ 15,371

CONNECTICUT CLEAN ENERGY FUND

BALANCE SHEET AND STATEMENT OF NET ASSETS

JUNE 30, 2011

	Balance Sheet	Adjustments	Statement of Net Assets
Assets			
Cash and cash equivalents	$ 57,664,091	$ --	$ 57,664,091
Utility customer assessments receivable	2,683,145	--	2,683,145
RGGI auction receivable	329,833	--	329,833
Other assets	291,671	1,429,921	1,721,592
Solar Lease Notes	--	10,663,543	10,663,543
Portfolio investments	--	1,698,715	1,698,715
Restricted assets:			
Cash and cash equivalents	2,234,945	--	2,234,945
Total Assets	$ 63,203,685	$ 13,792,179	$ 76,995,864
Liabilities and Fund Balance/Net Assets			
Liabilities			
Accounts payable and accrued expenses	$ 1,753,874	$ --	$ 1,753,874
Due to fund administrator	461,752	--	461,752
Deferred revenue	2,000,000	--	2,000,000
Total Liabilities	4,215,626	--	4,215,626
Fund Balance/Net Assets			
Unrestricted net assets	--	72,546,364	72,546,364
Restricted fund balance/ restricted net assets	233,875	--	233,875
Committed fund balance	34,225,106	(34,225,106)	--
Unassigned fund balance	24,529,079	(24,529,079)	--
Total Fund Balance/Net Assets	58,988,060	13,792,179	72,780,239
Total Liabilities and Fund Balance/Net Assets	$ 63,203,686	$ 13,792,179	$ 76,995,865

The accompanying notes are an integral part of these financial statements.

CONNECTICUT CLEAN ENERGY FUND

BALANCE SHEET AND STATEMENT OF NET ASSETS (CONTINUED)

JUNE 30, 2011

	Balance Sheet	Adjustments	Statement of Net Assets
Amounts reported for governmental activities in the statement of net assets are different because:			
Long-term program investments are treated as expenditures for fund purposes		$ 1,698,715	
Long-term renewable energy certificates are treated as expenditures for fund purposes		1,429,921	
Long-term solar lease notes receivable are treated as expenditures when the notes are purchased for fund purposes		10,936,961	
Less - Solar Loan Loss Reserve		(273,418)	
Total Adjustments to Net Assets		$ 13,792,179	

The accompanying notes are an integral part of these financial statements.

CONNECTICUT CLEAN ENERGY FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE AND STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

	Statement of Revenues, Expenditures and Changes in Fund Balance	Adjustments	Statement of Activities
Revenues			
Utility customer assessments	$ 28,444,062	$ --	$ 28,444,062
Interest on short-term investments	117,145	--	117,145
Interest on solar lease notes	447,251	--	447,251
RGGI Auction income	3,383,276	--	3,383,276
Grant revenue	3,808,690	--	3,808,690
Other income	191,340	--	191,340
Total Revenues	36,391,764	--	36,391,764
Expenditures and Expenses			
Program			
Grants	29,288,320	(5,034,678)	24,253,642
Program expenses	3,772,446	--	3,772,446
	33,060,766	(5,034,678)	28,026,088
General and administrative expenses	1,435,869	--	1,435,869
Total Expenditures and Expenses	34,496,635	(5,034,678)	29,461,957
Change in Fund Balance/Net Assets Before Change in Value of Investments	1,895,129	5,034,678	6,929,807
Net Realized Gain on Investments	177,756	--	177,756
Net Decrease in Fair Value of Investments	(58,557)	--	(58,557)
Net Change in Fund Balance/ Net Assets	2,014,328	5,034,678	7,049,006
Fund Balance/Net Assets - Beginning	56,973,732	8,757,501	65,731,233
Fund Balance/Net Assets - End	$ 58,988,060	$ 13,792,179	$ 72,780,239

The accompanying notes are an integral part of these financial statements.

CONNECTICUT CLEAN ENERGY FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE AND STATEMENT OF ACTIVITIES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2011

	Prior Year Reconciling Items	Current Year Reconciling Items	Total Statement of Activities
Net Change in Fund Balance		$ 2,014,328	
Amounts reported for governmental activities in the statement of net assets are different because:			
Long-term program investments are treated as expenditures for fund purposes	$ 1,348,815	350,000	$ 1,698,815
Long-term renewable energy certificates are treated as expenditures for fund purposes	1,120,982	308,939	1,429,921
Long-term solar lease notes receivable are treated as expenditures when the notes are purchased for fund purposes	6,449,029	4,487,932	10,936,961
Less - Solar Loan Loss Reserve Provision	(161,225)	(112,193)	(273,418)
Total Adjustments	$ 8,757,601	5,034,678	$ 13,792,279
Net Change in Net Assets		$ 7,049,006	

The accompanying notes are an integral part of these financial statements.

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

The Connecticut Clean Energy Fund (the Fund) (statutorily the Renewable Energy Investment Fund) was established in July 1998 under Title 16, Sec. 16-245n of the General Statutes of the State of Connecticut. The Fund, a Special Revenue Fund of the State of Connecticut, was created to promote investment in renewable energy sources in accordance with a comprehensive plan developed by it to foster the growth, development and commercialization of renewable energy sources and related enterprises and stimulate demand for renewable energy and deployment of renewable energy sources which serve end-use customers in the State. As described in Note 5, the Fund is administered by Connecticut Innovations, Incorporated.

The Department of Public Utility Control assesses a charge per kilowatt-hour to each end-use customer of electric services in the State, which is paid to the Fund. The Fund, through its administrator, Connecticut Innovations, Incorporated, may deploy the funds for grants, direct or equity investments, contracts or other actions which support research, development, manufacture, commercialization, deployment and installation of renewable energy technologies, and actions which expand the expertise of individuals, businesses and lending institutions with regard to renewable energy technologies.

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government and its component units, entities for which the government is considered to be financially accountable, all organizations for which the primary government is financially accountable, and other organizations which by the nature and significance of their relationship with the primary government would cause the financial statements to be incomplete or misleading if excluded. Blended component units, although legally separate entities, are, in substance, part of the government's operations; therefore, data from these units are combined with data of the primary government. Based on these criteria, there are no component units requiring inclusion in these financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

BASIS OF PRESENTATION

The accompanying financial statements have been prepared in conformity with the requirements of the Governmental Accounting Standards Board. The more significant of the Fund's accounting policies are described below.

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all activities of the Connecticut Clean Energy Fund.

The government-wide financial statements are reported using economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. Fees are recognized as revenues in the year for which they are charged.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Fund considers revenues to be available if they are collected within 60 days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

USE OF ESTIMATES

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the certain reported amounts and disclosures in the financial statements. The most significant estimates are the determination of the fair value of its investments. Actual results could vary from the estimates that were used.

CASH AND CASH EQUIVALENTS

Cash equivalents consist of cash and highly liquid short-term investments with an original term of 90 days and are recorded at cost, which approximates market value.

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RESTRICTED ASSETS

Restricted assets consist of short-term investments in the State Treasurer's Short-Term Investment Funds which are legally restricted for a contractual commitment to fund the maintenance of a fuel cell for a municipality in the State of Connecticut.

PORTFOLIO INVESTMENTS

The Fund carries all investments at fair value as determined by an independent valuation committee using United States Private Equity Valuation Guidelines promulgated by the Private Equity Investment Guidelines Group. In the absence of readily determinable market values, the Committee gives consideration to pertinent information about the companies comprising these investments, including, but not limited to, recent sales prices of the issuer's securities, sales growth, progress toward business goals and other operating data. The Fund has applied procedures in arriving at the estimate of the value of such securities that it believes are reasonable and appropriate. Management reserves the right to establish a reserve in addition to the recommended reserve from the valuation committee to further account for current market conditions and volatility. Due to the inherent uncertainty of valuation, those estimated values may differ significantly from the amounts ultimately realized from the investments, and the differences could be material. The Fund reports gains as realized and unrealized consistent with the practice of venture capital firms. The calculation of realized gains and losses is independent of the calculation of the net change in investment value.

All of the Fund's portfolio investments are uninsured and unregistered, and are held in the administrator's name.

FUND BALANCE/NET ASSETS

The Fund adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions.* In accordance with the Statement, the Fund has reported its fund balances on the fund financial statements in the following categories:

- Committed Fund Balance – represents amounts that can only be used for specific purposes imposed by formal action of the Board of Directors
- Restricted Fund Balance – represents amounts with restrictions that are legally enforceable
- Unassigned Fund Balance – represents fund balance that is neither restricted, committed or assigned to specific purposes

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For government-wide reporting purposes, the Fund has reported its net assets in the following categories:

- Restricted Net Assets – represents amounts with restrictions that are legally enforceable
- Unrestricted – represents net assets that are not restricted

GRANTS AND PROGRAMS

Expenditures for grants and programs are recorded upon the submission of invoices and other supporting documentation and approval by management. Salaries, benefits and overhead expenses are allocated to program expenses based on job functions.

SUBSEQUENT EVENTS

The Fund has performed a review of events subsequent to the balance sheet date through November 30, 2011, the date of the financial statements where available to be issued.

Effective July 1, 2011 Title 16, Sec. 16-245n of the General Statutes of the State of Connecticut under which the Renewable Energy Investment Fund (Connecticut Clean Energy Fund) was established was modified to create the Clean Energy Finance and Investment Authority (CEFIA), a quasi public agency of the State. The Renewable Energy Investment Fund was renamed the Clean Energy Fund. CEFIA is the successor agency to Connecticut Innovations, Inc, a quasi public agency of the State, for purposes of administering the Clean Energy Fund. The CEFIA is within Connecticut Innovations, Inc., a quasi public agency of the State of Connecticut for administrative purposes only.

NOTE 2 – FAIR VALUE MEASUREMENTS

The Fund values certain of its financial assets and liabilities at fair value, which it defines as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

In determining fair value, the Fund utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. The Fund also considers nonperformance risk in the overall assessment of fair value.

The Fund uses a three tier valuation hierarchy for fair value disclosure purposes. This hierarchy is based on the transparency of the inputs utilized for the valuation. The three levels are defined as follows:

- Level 1: Quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities. This established hierarchy assigns the highest priority Level 1 assets.

- Level 2: Observable inputs that are based on data not quoted in active markets, but corroborated by market data.

- Level 3: Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the organization's best estimate of what hypothetical market participants would use to determine a transaction price for the asset at the reporting date.

Financial assets carried at fair value as of June 30, 2011 are classified in the following table in one of the three categories described above:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 59,899,036	$ --	$ --	$ 59,899,036
Portfolio investments	--	--	1,698,715	1,698,715
	$ 59,899,036	$ --	$ 1,698,715	$ 61,597,751

NOTE 2 – FAIR VALUE MEASUREMENTS (CONTINUED)

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statements of net assets available for benefits using significant unobservable (Level 3) inputs:

Balance - beginning of year	$ 1,348,715
Purchases, issuances and settlements - net	350,000
Balance - end of year	$ 1,698,715

NOTE 3 – CASH AND CASH EQUIVALENTS

The following is a summary of cash and cash equivalents at June 30, 2011:

Checking	$ 193,337
Money Market	500
State Treasurer's Short-Term Investment Fund	57,470,254
Unrestricted cash and cash equivalents	57,664,091
Checking - restricted	100
State Treasurer's Short-Term Investment Fund - restricted	2,234,845
Total cash and cash equivalents	$ 59,899,036

STATE TREASURER'S SHORT-TERM INVESTMENT FUND

The State Treasurer's Short-Term Investment Fund is an investment pool. The value of the Fund's position in the pool is the same as the value of pool shares. Regulatory oversight is provided by an investment advisory council and the State Treasurer's Cash Management Board.

INVESTMENT MATURITIES

The State Treasurer's Short-Term Investment Fund has no maturity date and is available for withdrawal on demand.

NOTE 3 – CASH AND CASH EQUIVALENTS (CONTINUED)

INTEREST RATE RISK

The Fund manages its exposure to declines in fair value by limiting the average maturity of its cash and cash equivalents to no more than one year.

CREDIT RISK

Connecticut General Statutes authorize the Fund to invest in obligations of the U.S. Treasury including its agencies and instrumentalities, commercial paper, banker's acceptance, repurchase agreements and the State Treasurer's Short-Term Investment Fund.

Investment ratings for the Fund's investments are as follows:

	Moody's Investors Service	Standard & Poor's
State Treasurer's Short-Term Investment Fund	Aaa	AAAm

CONCENTRATION OF CREDIT RISK

The Fund's investment policy does not limit the investment in any one investment vehicle. Other than the State Treasurer's Short-Term Investment Fund (STIF), the Fund has no investments in any one investment vehicle greater than 5% of the Fund's total investments. The STIF lowers risk by investing in high quality, well diversified securities with relatively short average maturities.

CUSTODIAL CREDIT RISK — DEPOSITS

In the case of deposits, this represents the risk that, in the event of a bank failure, the Fund's deposits may not be returned to it. The Fund does not have a deposit policy for custodial credit risk. As of June 30, 2011, none of the Fund's bank balance was exposed to custodial credit risk because it was not covered under federal depository insurance or collateralized.

CUSTODIAL CREDIT RISK — INVESTMENTS

For an investment, this represents the risk that, in the event of the failure of the counterparty, the Fund will not be able to recover the value of the investment. As of June 30, 2011, the Fund has no reportable custodial risk.

NOTE 4 - PORTFOLIO INVESTMENTS

The Fund invests in emerging companies, which, in the event the company becomes successful, could represent a significant portion of the investment balances at a given time. Securities held at June 30, 2011 represent investments in two companies.

NOTE 5 - RELATED PARTY TRANSACTIONS

The Fund is operated by its administrator, Connecticut Innovations, Incorporated, as provided in the General Statutes of the State of Connecticut. The administrator provides services to the Fund, at cost, for its operations. Such services include, but are not limited to, staff to manage and administer the Fund, office space, equipment and supplies, insurance and back office support. Pursuant to State statute, the Fund administrator is subject to a mandated personnel fringe benefit charges because the Fund's employees are paid by the State. The rates charged for fiscal years 2011 and 2010 in the aggregate comprised 63.73% and 62.92% of gross salaries, respectively. Expenses billed to the Fund by its administrator totaled $3,995,066 for the year ended June 30, 2011. As of June 30, 2011, amounts due to Connecticut Innovations Incorporated, totaled $131,919.

The administrator's employees may serve as directors and/or officers of portfolio companies and non-profit organizations whose work advances the mission of the Fund. Consistent with State law and the administrator's own policies, employees receive no compensation or benefits from such organizations. Serving as directors and/or officers was contemplated as part of the administrator's official duties.

NOTE 6 - COMMITTED FUND BALANCE

As of June 30, 2011, the Board of Directors has committed a portion of the fund balance to fund grants for specific projects in the following areas:

Fuel cells	$ 7,087,591
Solar	13,886,583
Other technologies	840,017
Project 150 and Predevelopment Program	10,702,892
Operation Demonstration Program	1,369,777
Education and outreach	338,246
	$ 34,225,106

These grants are expected to be paid over the next two fiscal years.

NOTE 7 - RESTRICTED FUND BALANCE/NET ASSETS

As discussed in Note 1, the Fund has a contractual commitment of $233,875 to fund the maintenance of a fuel cell for a municipality in the State of Connecticut.

NOTE 8 - RISK MANAGEMENT

The Fund is subject to normal risks associated with its operations. All risks are managed through commercial insurance as the Fund is covered by the insurance policies maintained by the administrator.

NOTE 9 - RENEWABLE ENERGY CREDITS

The Fund owns Class 1 Renewable Energy Certificates (RECs) that are generated by certain renewable energy facilities for which the Fund provided the initial funding. The Fund has entered into agreements to sell a total of 30,000 REC's generated through December 31, 2013 at prices ranging from $15.00 to 16.50 per REC, totaling $465,000.

RECs trade on the New England Power Pool (NEPOOL) market. The market price of Connecticut Class 1 RECs as of June 30, 2011 ranged from $19.00 to $21.00. However the Fund's inventory as of June 30, 2011 has been priced at the sales price per the agreements. Based on historical performance, management believes that the RECs it will receive from its funded facilities through December 31, 2013 will exceed its commitment to sell under this agreement.

The REC's are reported as part of Other Assets on the Balance Sheet and Statement of Net Assets.

NOTE 10 – DEFERRED REVENUE

The amount represents unspent grant funds received by the Fund under the American Recovery and Reinvestment Act program. These monies, $2,000,000, will fund State Energy Program Formula Grants for Fuel Cell projects under the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5

MARCUM
ACCOUNTANTS ▲ ADVISORS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Connecticut Clean Energy Fund

We have audited the balance sheet and statement of net assets of the Connecticut Clean Energy Fund, a special revenue fund of the State of Connecticut, as of June 30, 2010 and the related statement of revenues, expenditures and changes in fund balance and statement of activities for the year then ended, and have issued our report thereon dated November 30, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Connecticut Clean Energy Fund's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Connecticut Clean Energy Fund's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Marcum LLP ▪ City Place II ▪ 185 Asylum Street ▪ 17th Floor ▪ Hartford, CT 06103 ▪ Phone 860.549.8500 / 877.231.5351 ▪ Fax 860.549.8501 ▪ marcumllp.com

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Connecticut Clean Energy Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

This report is intended for the information and use of the Board of Directors, management and the State of Connecticut and is not intended to be and should not be used by anyone other than those specified parties.

Marcum LLP

Hartford, CT
November 30, 2011

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CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

Memo

To: Board of Directors, Clean Energy Finance and Investment Authority

From: Mackey Dykes, Chief of Staff

CC: Budget and Operations Committee, Clean Energy Finance and Investment Authority

Date: June 13, 2012

Re: Proposed FY12 Operating Budget Reallocations

We have enclosed the CEFIA financial analysis report for the eleven months ended May 31, 2012 for your review. We will discuss the report in further detail at the Board meeting.

Page 1 of the report provides an analysis of actual operating expenditures as compared to the operating budget. Based upon actual and projected expenditures for the remainder of the year we are requesting that the Board approve the following reallocations between budget line items (all figures in thousands):

1. **From**

Marketing and External Relations	$(72)

To

Legal	$ 24
Advisory	$ 48

Legal expense is slightly higher than anticipated due to expenses incurred during the CEFIA transition to a quasi-public authority. Advisory expenses are higher than expected due to expenses incurred to recruit an Executive Vice President/Chief Investment Officer.

2. **From**

Salaries & Wages	$(16)
Benefits	$(10)

To

Temporary Employees	$26

Expenses were higher than anticipated due to unexpected vacancies in accounting department.

3. **From**

Subscriptions	$ (11)

To	
T&E	$ 11

Travel expense was higher than anticipated due to increased activity by CEFIA employees.

Clean Energy Finance and Investment Authority

Financial Analysis

Table of Contents

For the eleven months ended May 31, 2012

Clean Energy Finance and Investment Authority

Comparison of FY 2012 Operations Budget to Actual

For the elevem months ended May 31, 2012

Detail Statement of Revenues, Expenditures and Changes in Net Assets

(000's)

	Actual thru 5/31	Projected Jun Activity	FY2012 Projected Actual	FY2012 Budget	(Under) Over Budget	%
Operating Revenues						
Utility customer assessments	$ 24,705.9	$ 2,047.0	$ 26,752.9	$ 27,515.0	$ (762.1)	(3%)
Interest on deposits,investments	$ 134.0	$ 6.0	$ 140.0	$ 118.0	$ 22.0	19%
Renewable Energy Credits	$ 145.0	$ -	$ 145.0	$ 100.0	$ 45.0	45%
Interest Income - Solar Lease Notes, net of fees	$ 98.6	$ 50.0	$ 148.6	$ 120.0	$ 28.6	24%
RGGI auction proceeds	$ 1,327.5	$ 725.2	$ 2,052.7	$ 1,100.0	$ 952.7	87%
Other income	$ 134.4	$ 15.0	$ 149.4	$ 160.0	$ (10.6)	(7%)
Total revenues:	$ 26,545.3	$ 2,843.2	$ 29,388.5	$ 29,113.0	$ 275.5	1%
Operating Expenses and Program Expenditures						
Compensation						
-Salaries & Wages	$ 2,070.0	$ 235.0	$ 2,305.0	$ 2,578.0	$ (273.0)	(11%)
-Salary & wage reimbursements - Grants	$ (153.0)	$ -	$ (153.0)	$ (275.0)	$ (122.0)	(44%)
-Benefits	$ 1,291.0	$ 135.0	$ 1,426.0	$ 1,598.0	$ (172.0)	(11%)
-Benefit reimbursements - Grants	$ (74.0)	$ -	$ (74.0)	$ (141.0)	$ (67.0)	(48%)
Consulting and professional fees						
- Legal	$ 104.0	$ 20.0	$ 124.0	$ 100.0	$ 24.0	24%
- Accounting	$ 1.0	$ 20.0	$ 21.0	$ 21.0	$ -	
- Advisory fees	$ 43.0	$ 55.0	$ 98.0	$ 50.0	$ 48.0	96%
Marketing/External relations	$ 121.0	$ 15.0	$ 136.0	$ 238.0	$ (102.0)	(43%)
Rent and location related expenses						
-Rent/Utilities	$ 133.0	$ 30.0	$ 163.0	$ 165.0	$ (2.0)	(1%)
-Telephone/Communications	$ 30.0	$ 5.0	$ 35.0	$ 30.0	$ 5.0	17%
-Equipment & storage rentals	$ 8.0	$ 2.0	$ 10.0	$ 11.0	$ (1.0)	(9%)
-Depreciation	$ 39.0	$ 5.0	$ 44.0	$ 41.0	$ 3.0	7%
Office, computer & other expenses						
-Office expense	$ 30.0	$ 10.0	$ 40.0	$ 44.0	$ (4.0)	(9%)
-Computer operations	$ 33.0	$ 5.0	$ 38.0	$ 32.0	$ 6.0	19%
-Subscriptions	$ 4.0	$ 2.0	$ 6.0	$ 24.0	$ (18.0)	(75%)
-Training and education	$ 17.0	$ 2.0	$ 19.0	$ 33.0	$ (14.0)	(42%)
Temporary employees	$ 67.0	$ 9.0	$ 76.0	$ 50.0	$ 26.0	52%
Insurance	$ 47.0	$ 5.0	$ 52.0	$ 64.0	$ (12.0)	(19%)
Travel & related expenses	$ 46.0	$ 8.0	$ 54.0	$ 43.0	$ 11.0	26%
ARRA indirect expense reimbursements	$ (22.0)	$ -	$ (22.0)	$ (41.0)	$ (19.0)	(46%)
Total operating expenses:	$ 3,835.0	$ 563.0	$ 4,398.0	$ 4,665.0	$ (830.0)	(18%)
Change in fund net assets from operations:	$ 22,710.3	$ 2,280.2	$ 24,990.5	$ 24,448.0	$ 1,105.5	
Net increase (decrease) in fair value of investments:	$ (11.1)	$ -	$ (11.1)			
Program grants and expenditures:	$ (23,439.9)	$ (2,000.0)	$ (25,439.9)			
DOE grant & program expenditure reimbursements:	$ 9,976.5	$ -	$ 9,976.5			
Net assets, beginning of the period:	$ 72,780.2		$ 72,780.2			
Net assets, end of the period:	$ 82,016.0		$ 82,296.2			

Clean Energy Finance and Investment Authority
Financial Analysis
For the eleven months ended May 31, 2012
Utility Customer Assessments
(000's)

	FY 12 Budget		FY12 Actual		(Under) Over FY 12
July	$	2,429	$	2,588	A	$	160
August	$	2,592	$	2,800	A	$	208
September	$	2,468	$	2,347	A	$	(121)
October	$	2,145	$	2,086	A	$	(59)
November	$	2,035	$	1,988	A	$	(46)
December	$	2,335	$	2,194	A	$	(141)
January	$	2,721	$	2,405	A	$	(316)
February	$	2,360	$	2,270	A	$	(90)
March	$	2,188	$	2,189	A	$	1
April	$	2,225	$	2,059	A	$	(166)
May	$	1,971	$	1,780	A	$	(191)
June	$	2,047	$	2,047	B	$	-
Total assessments:	$	27,515	$	26,752		$	(762)
							-2.8%

Clean Energy Finance and Investment Authority

Statement of Net Assets

as of May 31, 2012

(000's)

Assets			
Cash and cash equivalents (Unrestricted)	$	65,049.0	
Cash and cash equivalents (Restricted-ARRA)	$	8,361.6	$ 73,410.6
Equity & debt investments (see page 4)	$	1,709.8	
Investments-REC's	$	1,429.9	
Solar lease notes (net of allowance of $273k)	$	11,871.0	
Utility receivables	$	2,257.3	
Other assets	$	77.0	
Furniture,Equipment & L/H Improvements	$	92.4	
Total assets	$	90,847.9	
Liabilities and Net Assets			
Accounts,grants payable and accrued expenses	$	470.1	
Deferred revenue-ARRA	$	8,361.6	
Total libilities	$	8,831.7	
Net Assets:			
Committed net assets (projects - see page 5)	$	32,024.2	
Investment in capital assets	$	92.4	
Unrestricted net assets	$	49,899.6	
Total Net Assets	$	82,016.2	
Total Liabilities and Net Assets	$	90,847.9	

Clean Energy Finance and Investment Authority
Schedule of Equity and Debt Investments
As of May 31, 2012
(000's)

Loan/Investment Date	Loan No.	Issuer	Project	Board Approved Commitment	Investment/ Advances to date	Reserve	Current Valuation	Interest Rate	Termination/ Maturity Date	Notes
Pre Development Program (1)										
4/13/2006	PD -001	Bridgeport Fuel Cell Park, LLC	Fairfield County Fuel Cell Park	$ 500	$ 499	$ (499)	$ -	8.75%	See Notes	LOC. Note matures upon the earlier of: closing of permenant financing,12 months after comercial operation of project,sale,acquisition or merger of interest. Terminates upon event of default.
4/30/2009	PD-002	Chestnut Hill BioEnergy CT, LLC	Biomass generation project, Waterbury,CT	$ 500	$ 237	$ (237)	$ -	4.25%	See Notes	LOC. Note matures upon the earlier of: closing of permenant financing,12 months after comercial operation of project,sale,acquisition or merger of interest. Terminates upon event of default.
02/19/09	PD-003	BNE Energy Inc.	Colebrook Wind - Phase 1	$ 120	$ 120	$ (120)	$ -	4.25%	See Notes	LOC. Note matures upon the earlier of: closing of permenant financing,12 months after comercial operation of project,sale,acquisition or merger of interest. Terminates upon event of default.
02/19/09	PD-004	BNE Energy Inc.	Prospect Wind - Phase 1	$ 102	$ 102	$ (102)	$ -	4.25%	See Notes	LOC. Note matures upon the earlier of: closing of permenant financing,12 months after comercial operation of project,sale,acquisition or merger of interest. Terminates upon event of default.
06/24/10	PD-005	BNE Energy Inc.	Colebrook Wind - Phase II	$ 380	$ 380	$ (380)	$ -	4.25%	See Notes	LOC. Note matures upon the earlier of: closing of permenant financing,12 months after comercial operation of project,sale,acquisition or merger of interest. Terminates upon event of default.
06/24/10	PD-006	BNE Energy Inc.	Colebrook Wind - Prospect II	$ 398	$ 398	$ (398)	$ -	4.25%	See Notes	LOC. Note matures upon the earlier of: closing of permenant financing,12 months after comercial operation of project,sale,acquisition or merger of interest. Terminates upon event of default.
Op Demo Program (1)										
8/8/2007	ODP-001	Mechatronic Energy Systems, LLC	Low Head Run-of the-River Hydro Turbine Technology Project, Mansfield,CT	$ 557	$ 501	$ (501)	$ -	TBD	8/7/2017	Non Recourse Loan. Repayment based on commercial success ($541,000/m) of technology. No repayment of loan is required if commercial success is not achieved after ten years from the execution date of the agreement. (10 yr amortization)
7/1/2009	ODP-002	Optiwind, inc.	Compact Wind Accelerated Turbine, Torrington,CT	$ 750	$ 413	$ (412)	$ -	TBD	6/30/2019	Non Recourse Loan. Repayment based on commercial success ($2,000,000/m) of technology. No repayment of loan is required if commercial success is not achieved after ten years from the execution date of the agreement. (10 yr amortization)
4/5/2010	ODP-003	LiteTrough, LLC	Concentrated Solar Water Heater Technology,Milford,CT	$ 81	$ 31	$ (31)	$ -	4.25%	4/4/2020	Non Recourse Loan. Repayment based on commercial success ($500,000/m) of technology. No repayment of loan is required if commercial success is not achieved after ten years from the execution date of the agreement.(5 yr amortization)
6/28/2010	ODP-004	Avalence, LLC	High pressure multipurpose electrolyer technology, Hamden,CT	$ 500	$ 350	$ (350)	$ -	TBD	6/27/2020	Non Recourse Loan. Repayment based on commercial success ($1,000,000/m) of technology. If no commercial success company repays amount advanced. If commercial success company pays 2 times amount advanced or amortizes over 5 yr period at applicable interest rate.
Other Investments		**Company**	**Security**							
3/27/2002		Acumentrics Corporation	Series B Preferred Stock		$ 4,000	$ (2,776)	$ 1,224			Fuel Cell Technology
6/30/2010		Optiwind Corporation	Series B Preferred Stock		$ 272	$ (136)	$ 136			Wind Turbine Technology
6/29/2011		Optiwind Corporation	Promissory Note		$ 350	$ -	$ 350			
					$ 7,654	$ (5,944)	$ 1,710			

(1) Due to the nature of the Pre Development and Op Demo Loans, the loans are currently fully reserved for.

Clean Energy Finance and Investment Authority
Summary of board approved open commitments by program
As of: May 31, 2012
(000's)

Program	Commitments Outstanding 5/31/2012
Project 150	$ 10,174
Pre Development Loans	$ 263
Strategic Investments	$ 35
Commercial Solar (for profit)	$ 3,129
Commercial Solar (not for profit/government)	$ 2,992
Fuel Cell program	$ 7,021
CI&I On Site Generation -Other Technologies	$ 4
CI&I On Site Generation -Feasibility Studies	$ 211
Residential Solar PV Program (pre Solar PV Investment Program)	$ 1,005
Residential Solar PV Investment Program	$ 2,990
Repurposed ARRA ST & GT Rebates (both Resid. & Comm.)	$ 1,338
New Geothermal program	$ 276
New Solar Hot Water program	$ 81
CEEF/CEFIA Ground Source Heat Pump Incentive program	$ 169
Operational Demonstration & Alpha Programs	$ 1,129
Education & Outreach Programs	$ 1,020
FY11-FY12 CP Goal 4: advocacy & public policy support	$ 187
	$ 32,024

Clean Energy Finance and Investment Authority

Statement of Cash Flows

as of May 31, 2012

(000's)

Cash flows from operating activities	
Utility customer assessments	$ 25,131.7
RECs/other income	$ 295.2
Proceeds from RGGI auctions	$ 1,091.9
Proceeds from grants	$ 16,772.6
Return of principal on investments	$ 548.2
Interest on deposits,investments, solar lease notes	$ 645.6
Cash paid for grants and programs	$ (24,302.0)
Cash paid for loan servicing fees	$ (390.0)
Cash paid for general & admin expense	$ (4,466.5)
Purchase of solar lease notes	$ (1,710.7)
Net change in cash and cash equivalents	$ 13,616.0
Cash flows from investing activities	
Purchase of furniture,equipment & software	$ (104.4)
Cash and cash equiv., beginning of period	$ 59,899.0
Cash and cash equiv., end of period	$ 73,410.6