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CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

June 14, 2013

Dear Clean Energy Finance and Investment Authority Board of Directors:

The Board of Directors will be meeting on Friday, June 21, 2013 from 9:00 to 11:00 a.m. in the board room of Connecticut Innovations at 865 Brook Street, Rocky Hill, CT 06067.

We have a full agenda, including:

- **FY 2014 Budget Recommendation** – given that the staff has now briefed the Board of Directors on the FY 2013 Program Performance towards the two-year Comprehensive Plan, and that the Budget and Operations Committee has met several times to review the proposed budget, the staff will present the FY 2014 budget for discussion and approval. The Budget and Operations Committee has recommended the budget for approval aside from two issues it has highlighted for discussion. They are (1) an increase in staff to support the implementation of the Comprehensive Plan as indicated in the program performance reviews and (2) employee compensation retention strategies.

- **Legislative Session Overview** – outside of the budget issue that we were able to resolve, we had a very successful legislative session to advance the deployment of clean energy in Connecticut through financing. Key legislation includes, but is not limited to C-PACE, commercial and industrial property tax exemption, and on bill repayment for residential customers.

- **CEFIA Transfer to the General Fund and RGGI Allowance Proceeds for Energy Efficiency to CEFIA** – we will discuss in detail how we were able to mitigate and alleviate the CEFIA transfer to the General Fund for FY 2014 and FY 2015 by accessing revenues through RGGI for financing energy efficiency projects. We will be joined by Tracy Babbidge, Chief of the Bureau of Energy Technology and Policy at DEEP, who will talk about RGGI and the solution we are pursuing.

- **Technology Innovation Program Close Out** – we will provide an overview of the status of the closeout of the technology innovation programs and propose the release of a public statement. The public statement will inform the market of CEFIA's transition so that early stage companies and clean energy entrepreneurs know that their interests are still a priority and that they are being better served through Connecticut Innovations and other R&D institutions like the University of Connecticut. This transition will clearly send a signal to the market that CEFIA is now solely focused on its "green bank" mission in financing the deployment of commercially mature technology.

- **Audit, Compliance and Governance Committee Recommendations and Discussions** – given that the bylaws are a responsibility of the ACG Committee, the

ACG Committee and the Technology Innovation Committee will propose a close out of the Technology Innovations Committee. We will also recommend moving forward with Marcum, LLP to serve as the auditor of CEFIA for fiscal years 2013 through 2015.

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

This is a big week coming up for us and we look forward to meeting next week.

Sincerely,

Bryan Garcia
President and CEO

AGENDA

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

Friday, June 21, 2013
9:00-11:00 a.m.

Staff Invited: Jessica Bailey, Andy Brydges, Mackey Dykes, Brian Farnen, Bryan Garcia, David Goldberg, Dale Hedman, Bert Hunter, Kerry O'Neill, Kim Stevenson, and Bob Wall

1. Call to order
2. Public Comments – 5 minutes
3. Approval of meeting minutes for May 17, 2013* – 5 minutes
4. Update from the President – 5 minutes
5. Legislative Session Overview – 15 minutes
6. Transfer from CEFIA to the General Fund (FY 2014 and FY 2015) and RGGI Allowance Proceeds for Energy Efficiency (2013-2015) – 15 minutes
7. Technology Innovations Committee updates and recommendations for approval* – 15 minutes
8. Audit, Compliance, and Governance Committee updates and recommendations for approval* – 15 minutes
9. Budget and Operations Committee updates and recommendations for approval* – 45 minutes
10. Other Business
11. Adjourn

*Denotes item requiring Board action

Join the meeting online at https://www4.gotomeeting.com/join/835289039

Dial +1 (626) 521-0012 Access Code: 835-289-039

Next Regular Meeting: Friday, July 19, 2013
Clean Energy Finance and Investment Authority, 865 Brook Street, Rocky Hill, CT

REVISED RESOLUTIONS

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

Friday, June 21, 2013
9:00-11:00 a.m.

Staff Invited: Jessica Bailey, Andy Brydges, Mackey Dykes, Brian Farnen, Bryan Garcia, David Goldberg, Dale Hedman, Bert Hunter, Kerry O'Neill, Kim Stevenson, and Bob Wall

1. Call to order

2. Public Comments – 5 minutes

3. Approval of meeting minutes for May 17, 2013* – 5 minutes

Resolution #1

Motion to approve the minutes of the Board of Directors meeting for May 17, 2013 Regular Meeting. Second. Discussion. Vote.

4. Update from the President – 5 minutes

5. Legislative Session Overview – 15 minutes

6. Transfer from CEFIA to the General Fund (FY 2014 and FY 2015) and RGGI Allowance Proceeds for Energy Efficiency (2013-2015)* – 15 minutes

Resolution #2

WHEREAS, the 2013 Regular Session of the Connecticut General Assembly resulted in the transfer of $6.2 million for the fiscal year ending 2014 and $19.2 million for the fiscal year ending 2015 from CEFIA to the General Fund of the State of Connecticut (the "General Fund");

NOW, therefore be it:

RESOLVED, that the CEFIA Board of Directors supports a monthly transfer of the $6.2 million of CEFIA funds in fiscal year 2014 to the General Fund on a monthly basis to ensure an orderly transfer of ratepayer capital and as to not adversely impact

CEFIA's balance sheet.

RESOLVED, that the CEFIA Board of Directors supports a monthly transfer of the $19.2 million of CEFIA funds in fiscal year 2015 to the General Fund on a monthly basis to ensure an orderly transfer of ratepayer capital and as to not adversely impact CEFIA's balance sheet.

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

8. Audit, Compliance, and Governance Committee updates and recommendations for approval* – 15 minutes

Resolution #3

WHEREAS, Section 99 of Public Act 11-80, "An Act Concerning the Establishment of the Department of Energy and Environmental Protection and Planning for Connecticut's Energy Future," (the "Act") directs the Clean Energy Finance and Investment Authority ("CEFIA") to develop a comprehensive plan to foster the growth, development and commercialization of clean energy sources, related enterprises and stimulate demand clean energy and deployment of clean energy sources that serve end use customers in this state; and

WHEREAS, CEFIA has been strategically transitioning funding from technology innovation towards a focus on low-cost financing of commercially available clean energy deployment pursuant to CEFIA's Board approved Comprehensive Plan; and

WHEREAS, CEFIA has four Standing Committees of the Board consisting of an Audit, Compliance and Governance ("ACG") Committee, a Budget and Operations Committee, a Deployment Committee and a Technology Innovation Committee; and

WHEREAS, the ACG Committee recommended, effective July 1, 2013, that the CEFIA Board of Directors approves the dissolution of the Technology Innovation Committee.

NOW, therefore be it:

RESOLVED, that the CEFIA Board of Directors hereby approves, effective July 1, 2013, the dissolution of the Technology Innovation Committee and that CEFIA's Bylaws are amended and restated to reflect such change.

Resolution #4

WHEREAS, the CEFIA Board of Directors approved, effective July 1, 2013, the dissolution of the Technology Innovation Committee.

NOW, therefore be it:

RESOLVED, that the CEFIA Board of Directors supports the public statement as presented to the Board dated June 21, 2013 to be issued by the President regarding the dissolution of the Technology Innovation Committee.

<u>Resolution #5</u>

WHEREAS, Article V, Section 5.3.1(i) of the Clean Energy Finance and Investment Authority ("CEFIA") Operating Procedures requires that the Audit, Compliance and Governance ("ACG") Committee recommends to the Board of Directors (the "Board") the selection of the auditors;

WHEREAS, Connecticut Innovations provides administrative and accounting services to CEFIA, has reviewed and scored auditor bids and recommends Marcum, LLP.

WHEREAS, the ACG Committee recommended to the Board Marcum, LLP as CEFIA's auditor for the Fiscal Years Ending June 30, 2013, 2014, and 2015.

NOW, therefore, be it:

RESOLVED, that the Board approves Marcum, LLP as CEFIA's auditor for the Fiscal Years Ending June 30, 2013, 2014, and 2015.

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

<u>Resolution #6</u>

WHEREAS, Article V of the Clean Energy Finance and Investment Authority (CEFIA) Operating Procedures requires the CEFIA Board of Directors (the "Board") to adopt an Annual Operating Budget for each forthcoming fiscal year;

WHEREAS, Article V, section 5.3.2 of the CEFIA by-laws charges the Budget and Operations Committee to recommend to the Board the annual operating budget; and

WHEREAS, on June 11, 2013 the Budget and Operations Committee recommended to the Board for consideration the proposed fiscal year 2014 budget with the exception of not making a specific recommendation with respect to salary adjustments and the proposed increase in staff;

NOW, therefore be it:

RESOLVED, that the Board hereby approves the proposed fiscal year 2014 budget.

<u>Resolution #7</u>

WHEREAS, Clean Energy Finance and Investment Authority (CEFIA) proposes to revise its Clean Energy Communities Program so as to encourage municipalities to take actions to support clean energy deployment and to motivate residential, commercial, industrial and institutional customers to make smart energy choices, including the adoption of renewable energy systems, energy efficiency upgrades, fuel conversions, and utilize CEFIA's innovative financing products; and

WHEREAS, the Budget and Operations Committee has reviewed CEFIA's Proposed FY2014 Operating and Program Budget and intends to recommend its approval to the Board of Directors;

NOW, therefore be it:

(1) **RESOLVED**, that the Board of Directors approve as part of the FY 2014 Operating and Program Budget funding in the amount of Five Hundred Fifty Thousand Dollars ($550,000) to implement the revised Clean Energy Communities Program focused on CEFIA's new mission as a Green Bank (the "Program");

(2) **RESOLVED**, that staff will develop and publish revised Program Guidelines consistent with the Memorandum to the Board of Directors dated June 13, 2013;

(3) **RESOLVED**, that 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 effectuate such financing on such terms and conditions as he or she shall deem to be consistent with the Program and in the best interests of CEFIA and the ratepayers; and

(4) **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 or instruments.

10. Other Business

11. Adjourn

*Denotes item requiring Board action

Join the meeting online at https://www4.gotomeeting.com/join/835289039

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Next Regular Meeting: Friday, July 19, 2013
Clean Energy Finance and Investment Authority, 865 Brook Street, Rocky Hill, CT

CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #1

Call to Order

June 21, 2013

CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #2

Public Comments

June 21, 2013

Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #3

Approval of Meeting Minutes of May 17, 2013

June 21, 2013

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 21, 2013

CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #5

Legislative Session Overview

June 21, 2013

Legislative Session Overview
2013

CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

- **Property Tax Exemption** (S.B. 203 and P.A. 13-61) – mandatory commercial and industrial property tax exemption
- **C-PACE Enhancements** (H.B. 6360) – benefit assessment during construction, foreclosure impacts in arrears and benefit assessment on property, mortgage holder consent, and district heating and cooling (P.A. 13-116)
- **On Bill Repayment** (H.B. 6360) – residential sector financing tool for "clean energy," which CEFIA is the statewide administrator of. Also allows for financing of healthy home measures (i.e. asbestos removal)
- **Energize Connecticut** (H.B. 6360) – adaptation of the Solarize model to fuel conversions, heating equipment replacement, and energy efficiency in partnership with DEEP and the utilities
- **Renewable Energy and Efficient Energy Finance Program** (H.B. 6360) – $18 million of bond funds and collaboration between DEEP, DECD, and Treasurer to provide grants, investments and loans for clean energy.
- **Alternative Compliance Payments** (File No. 879) – redirects ACP from CEFIA back to the ratepayers to alleviate ZREC-LREC long-term costs

CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #6

Transfer to General Fund and Proceeds from RGGI

June 21, 2013

Transfer to GF and RGGI Proceeds
Overview

CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

				FIX	FIX
		Fiscal Year 2014	**Fiscal Year 2015**	**Fiscal Year 2014**	**Fiscal Year 2015**
	CASH IN				
	Proceeds from utility customer assessments	$ 27,600.00	$ 27,000.00	$ 27,600.00	$ 27,000.00
	Proceeds from RGGI auctions - Renewable	$ 5,900.00	$ 7,000.00	$ 5,900.00	$ 7,000.00
2	Proceeds from RGGI auctions - Efficiency	$ -	$ -	$ 12,700.00	$ 12,700.00
	Proceeds from grants	$ 300.00	$ -	$ 300.00	$ -
	Other income	$ 410.00	$ 410.00	$ 410.00	$ 410.00
	Loan Recovery	$ 795.00	$ 945.00	$ 795.00	$ 945.00
	CASH OUT				
	Operating Activities	$ (10,500.00)	$ (10,500.00)	$(10,500.00)	$ (10,500.00)
	Grant Programs*	$ (18,150.00)	$ (11,000.00)	$(18,150.00)	$ (11,000.00)
	Loan Disbursements	$ (48,888.90)	$ -	$(48,888.90)	$ (20,000.00)
	Equity Investments	$ (4,500.00)	$ 500.00	$ (4,500.00)	$ 500.00
	Capital Activities	$ (25.00)	$ (25.00)	$ (25.00)	$ (25.00)
1	State of Connecticut Transfer	$ (6,200.00)	$ (19,200.00)	$ (6,200.00)	$ (19,200.00)
	Net Cash	$ (53,258.90)	$ (4,870.00)	$(40,558.90)	$ (12,170.00)
	Cash and cash equiv., Beginning of Period	$ 62,371.50	$ 9,112.60	$ 62,371.50	$ 21,812.60
	Cash and cash equiv., End of Period	$ 9,112.60	$ 4,242.60	$ 21,812.60	$ 9,642.60

RGGI Allowance Proceeds

Solution

CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY

Sec. 131. Subsection (b) of section 22a-200c of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2013*):

(b) The Department of Energy and Environmental Protection shall auction all emissions allowances and invest the proceeds, which shall be deposited into a Regional Greenhouse Gas account established by the Comptroller as a separate, nonlapsing account within the General Fund, on behalf of electric ratepayers in energy conservation, load management and Class I renewable energy programs. In making such investments, the Commissioner of Energy and Environmental Protection shall consider strategies that maximize cost effective reductions in greenhouse gas emission. Allowances shall be auctioned under the oversight of the Department of Energy and Environmental Protection by a contractor or trustee on behalf of the electric ratepayers. On or before July 1, 2015, notwithstanding subparagraph (C) of subdivision (5) of subsection (f) of section 22a-174-31 of the regulations of Connecticut state agencies, the commissioner may allocate to the Clean Energy Finance and Investment Authority any portion of auction proceeds in excess of the amounts budgeted by electric distribution companies in the plan submitted to the department on November 1, 2012, in accordance with section 16-245m, to support energy efficiency programs, provided any such excess proceeds may be calculated and allocated on a pro rata basis at the conclusion of any auction.

1

2

3

1

RGGI Regulations
Section 22a-174-31(f)(5)(C)

CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

Not later than December 31, 2009 and December 31 of each year thereafter, at least sixty-nine and one-half (69.5) percent of proceeds from auctions, less any amount of revenue refunded pursuant to subsection (j) of this section, shall be transferred to accounts held by Connecticut Light & Power (CL&P) and United Illuminating (UI) and overseen by the Energy Conservation Management Board and to an account held by the Connecticut Municipal Electric Energy Cooperative (CMEEC). Seventy five (75) percent of such proceeds shall be distributed to the CL&P account, eighteen and three-fourths (18.75) percent shall be distributed to the UI account and six and one-fourth (6.25) percent shall be distributed to the CMEEC account. Such proceeds shall be used to support the development of energy efficiency measures; and

Approximately 65.1% of RGGI allowance proceeds received by DEEP are transferred to CL&P and UI to support energy efficiency rebate and incentive programs administered through CEEF

CEEF Revenues Plan (2013-2015)

Docket No. 12-11-04

CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY

CL&P/UI C&LM REVENUES ($M)	2013 CL&P/UI Total	2013 CL&P/UI %	2014 CL&P/UI Total	2014 CL&P/UI %	2015 CL&P/UI Total	2015 CL&P/UI %
Collections (Mill Rate)	$82.5	42%	$82.9	34%	$83.0	28%
ISO-NE Other Demand Resources (ODRs)	$7.9	4%	$10.3	4%	$11.8	4%
ISO-NE Forward Capacity Market Demand Response Revenues	$3.4	2%	$3.2	1%	$3.0	1%
Class III Renewable Energy Credits	$2.7	1%	$2.5	1%	$2.4	1%
RGGI	$5.0	3%	$5.0	2%	$5.0	2%
CAM (Net of Gross Receipts Tax)	$95.5	49%	$102.0	41%	$102.4	34%
Other Revenues (Increase to CAM for Increased Savings)	$0.0	0%	$46.7	19%	$91.5	31%
Lost Revenues	($1.5)	(1%)	($6.5)	(3%)	$0.0	-
Total C&LM Revenues	**$195.4**	100%	**$246.1**	100%	**$299.1**	100%

Through the 3-year plan submitted by CL&P and UI to PURA, they have budgeted RGGI allowance proceed revenues of $5 million a year for fiscal years 2013, 2014, and 2015.

RGGI Auction Allowance Proceeds

3

CEEF Budget (2013-2015 – Jan to Dec)

CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY

CEFIA FY 2014 | CEFIA FY 2014 | CEFIA FY 2015

CEEF FY 2013 | CEEF FY 2014 | CEEF FY 2015

	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Tot
Energy Efficiency	4.45	5.86	-	-	-	-	-	-	-	-	
CL&P	3.34	4.40	-	-	-	-	-	-	-	-	7.74
UI	0.83	1.10	-	-	-	-	-	-	-	-	1.93
Total CL&P / UI	**4.17**	**5.50**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**9.67**
CL&P / UI Budget	**5.00**				**5.00**				**5.00**		**15.00**

In the first two quarterly RGGI auctions in 2013, $9.7 of allowance proceeds were generated for energy efficiency – well ahead of schedule in terms of the revenues budgeted by the utilities for the 3-year plan.

RGGI Background

- Launched in 2008 resulting in $1.6 billion in net present economic value added to the region, and $63 million to Connecticut alone,
- Center piece of CT's GHG mitigation efforts
- Electricity consumers overall- households, businesses, government users and others realized regional auction revenue = $1.1 billion, as their overall electric bills dropped over time
- Over 80% of cumulative allowance auction proceeds fund CT energy efficiency and renewable energy projects
  - $44M for energy efficiency
  - $14.5M for renewable energy

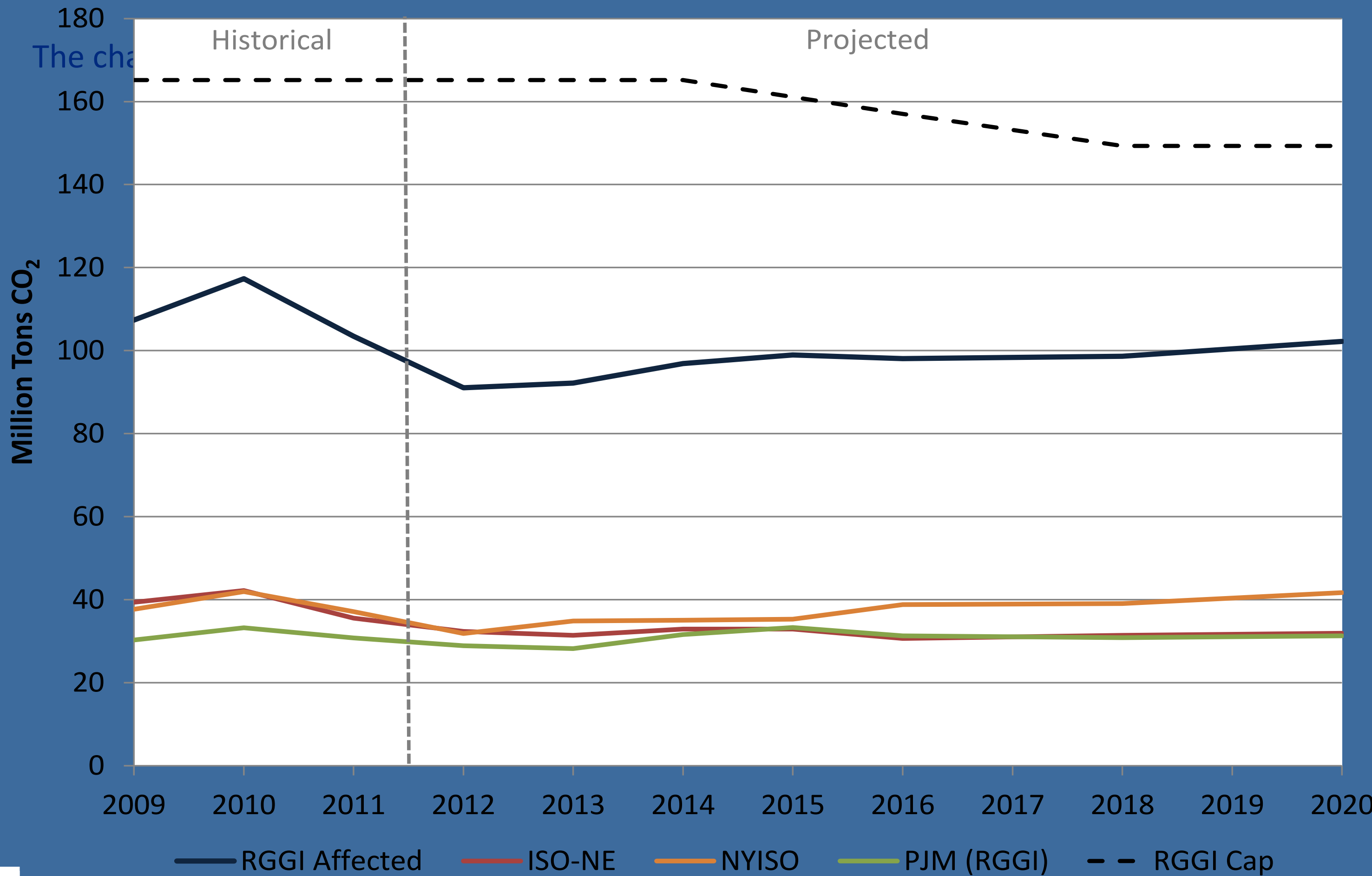
RGGI "Program Review" Decisions

- Size and Structure of New Cap
  - Existing cap too loose due to:
    - Initial design, including underestimating EE investments
    - Shift to natural gas for electricity generation
    - Mild weather
    - Recession
- Alternative Market Tightening Strategies
  - Retire banked and unsold allowances
  - Escalate Reserve Price
  - Address emissions from "imported power"

Reference Case Projections

CO_2 Emissions

- The cha



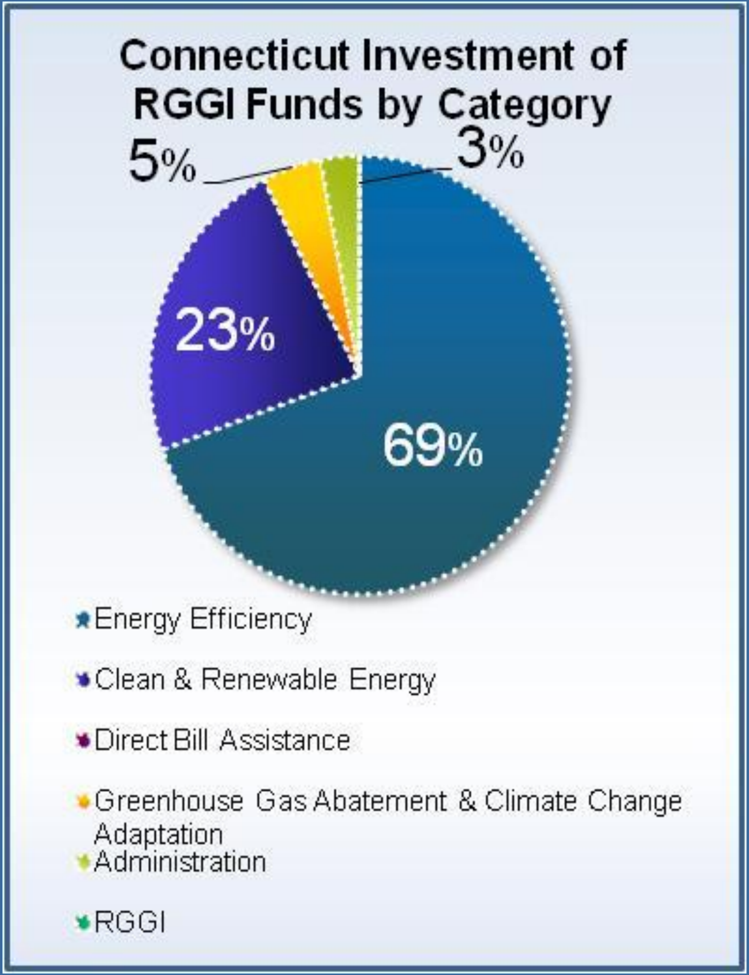
RGGI Program Review Conclusions

1. Tighten RGGI Cap from 165 million tons/yr to 91 million tons/yr
   - CT's new cap will be 5,891,895 tons in 2014
   - By 2020, CT's cap will be reduced to 5,061,540 tons
   - 2009-2012 CT average annual RGGI emissions-7,421,789
   - Any cap must address private bank of allowances
   - States committed to retire unsold allowances
2. Retire unsold allowances held by states (~102 million allowances)
   - Connecticut is holding ~6.6 million unsold allowances
3. Establishment of a cost containment reserve (CCR) to stabilize prices for allowances in the event of unforeseen circumstances, such as a shortage of natural gas
   - CCR will inject additional allowances into the market if allowance prices reach certain price triggers ($4 per ton in 2014, $6 in 2015, $8 in 2016, and $10 in 2017, rising by 2.5% thereafter

RGGI Projections

	IPM Cost and Revenue Projections for Connecticut								
	2012	2013	2014	2015	2016	2017	2018	2019	2020
Projected Proceeds ($million)	$10.97	$19.29	$31.81	$29.07	$29.79	$34.93	$31.58	$31.58	$34.78
Projected Allowance Prices	$1.93	$1.93	$5.92	$6.26	$6.62	$7.00	$7.39	$7.83	$8.27
CT Cap (M)	10.69	10.69	5.89	5.74	5.60	5.46	5.32	5.19	5.06
Allowance Reserve	0	0	323K	647K	647K	647K	647K	647K	647K

Distribution of RGGI Proceeds



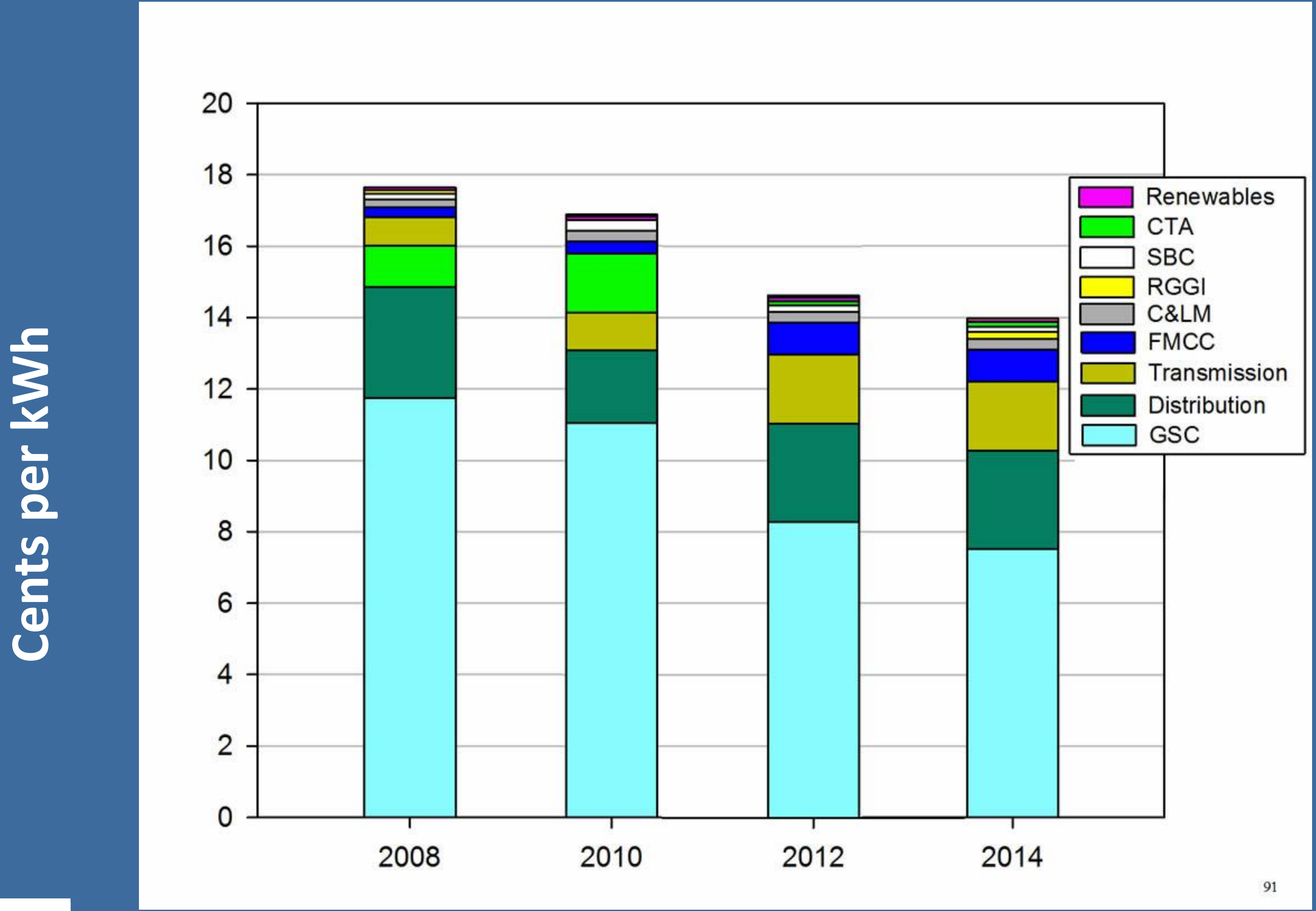
- One Option to Consider Under the Revised RGGI Rule:
- Retain 6.25 % distribution to CMEEC
- Thereafter $5 million prorated at $1.25 million per auction for CY 14 and CY 15 to the EDCs as proposed in the 2013-15 CL&M plan
- Distribute $12.7 million of the proceeds to CEFIA for efficiency in CY 14 and in CY 15 to fill the budget gap of $24.4
- After addressing CEFIA's budget gap resume distribution in accordance with framework for the SBC charge.

RGGI Regulation Revision Process

Key Dates

- **July 15th-August 15th** Public Comment Period
- **August 7th** Public Hearing
- **August 28th-**Attorney General's review for legal sufficiency
- **September 3rd – September 23rd** 20-day notice period prior to LRRC filing
- **October 1st** LRRC filing date for committee meeting October 22nd (4th Tuesday month) or November 26, 2013, if modifications necessary
- File permanent regulation with Secretary of State

RGGI Rate Impacts of 91 M Cap



RGGI Program Price Cap

- Allowance auctions impact rates, EE investments impact bills
- CT caps allowance price impact at $5
  - Amount above $5 is returned to ratepayers
  - Current budget of 10.7M /year = maximum potential ratepayer cost of $53.5 million/year
- Recommendation for 2014 and later
  - Cap <u>entire program cost </u>at $35 million/year
  - Reframe allowance price cap as total cost cap
  - Limit ratepayer exposure to $35 million/year

RGGI Bill and Rate Impacts – REMI Modeling for RGGI Inc. 4/10/13 Report

CT Monthly Bill Impact for years 2012-2020

	Reference Case	91 Cap Bank MR	
Customer Class	Average Monthly Bill ($2010)	Monthly Difference ($2010)	Percent Difference
Residential	$ 98.76	$ 0.71	0.7%
Commercial	$ 848.31	$ 8.01	0.9%
Industrial	$ 6,748.09	$ 74.45	1.1%

RGGI Bill Impacts Cont.

Average Bill Impacts
CT Residential Customers

Year	Average Monthly Bill ($2010) Reference Case		Difference between Reference Case and Scenario Cases ($2010) 91 Cap Bank MR Monthly Difference ($2010)		Percent Difference
2012	$	90.04	$	(0.01)	0.0%
2013	$	93.45	$	0.03	0.0%
2014	$	95.82	$	0.94	1.0%
2015	$	98.12	$	0.97	1.0%
2016	$	100.38	$	0.97	1.0%
2017	$	101.26	$	0.95	0.9%
2018	$	102.02	$	0.93	0.9%
2019	$	103.29	$	0.86	0.8%
2020	$	104.44	$	0.76	0.7%
Average	$	98.76	$	0.71	0.7%

RGGI Bill Impacts Cont.

Average Bill Impacts
CT Commercial Customers

Year	Average Monthly Bill ($2010)	Difference between Reference Case and Scenario Cases ($2010)	
		91 Cap Bank MR	
	Reference Case	Monthly Difference ($2010)	Percent Difference
2012	$ 742.60	$ (0.10)	0.0%
2013	$ 781.67	$ 0.39	0.0%
2014	$ 810.21	$ 9.81	1.2%
2015	$ 837.88	$ 10.43	1.2%
2016	$ 865.04	$ 10.65	1.2%
2017	$ 878.17	$ 10.65	1.2%
2018	$ 890.00	$ 10.62	1.2%
2019	$ 906.80	$ 10.20	1.1%
2020	$ 922.39	$ 9.45	1.0%
Average	$ 848.31	$ 8.01	0.9%

RGGI Bill Impacts Cont.

Average Bill Impacts
CT Industrial Customers

	Average Monthly Bill ($2010)		Difference between Reference Case and Scenario Cases ($2010)		
			91 Cap Bank MR		
Year	**Reference Case**		**Monthly Difference ($2010)**		**Percent Difference**
2012	$	5,689.84	$	(0.84)	0.0%
2013	$	6,069.95	$	3.86	0.1%
2014	$	6,354.52	$	89.41	1.4%
2015	$	6,630.51	$	95.77	1.4%
2016	$	6,901.04	$	98.30	1.4%
2017	$	7,044.79	$	98.83	1.4%
2018	$	7,176.09	$	99.16	1.4%
2019	$	7,351.22	$	95.84	1.3%
2020	$	7,514.87	$	89.68	1.2%
Average	$	6,748.09	$	74.45	1.1%

Transfer to GF and RGGI Proceeds
Approve Transfer Approach

CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

Resolution #2

WHEREAS, the 2013 Regular Session of the Connecticut General Assembly resulted in the transfer of $6.2 million for the fiscal year ending 2014 and $19.2 million for the fiscal year ending 2015 from CEFIA to the General Fund of the State of Connecticut (the "General Fund");

NOW, therefore be it:

RESOLVED, that the CEFIA Board of Directors approves a monthly transfer of the $6.2 million of CEFIA funds in fiscal year 2014 to the General Fund on a monthly basis to ensure an orderly transfer of ratepayer capital and as to not adversely impact CEFIA's balance sheet.

RESOLVED, that the CEFIA Board of Directors approves a monthly transfer of the $19.2 million of CEFIA funds in fiscal year 2015 to the General Fund on a monthly basis to ensure an orderly transfer of ratepayer capital and as to not adversely impact CEFIA's balance sheet.

End of the Session

Impacts

CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

- **Reliable Source of Capital** – for the “green bank” to be treated as a “piggy bank” is concerning for the capital markets that need to feel confident that a state partner will be there.

- **Stable Player in the Market** – in order for contractors to build their businesses, they need to be able to make future plans and the ebb-and-flow of the state presents concerns.

- **Commitment to Public Service** – we have worked hard to restructure the organization and this event has shaken new staff members that predominantly come from the private sector

Connecticut is an example – both good and bad – that other states are emulating including New York, Maryland, and others.

CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #9

Budget and Operations Committee

June 21, 2013

Fiscal Year 13 Recap

CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

- **Building the Largest Fuel Cell Project in the U.S.** – used our new "green bank" tools to partner with FCE and Dominion to bring a Project 150 project across the finish line on a brownfield in Bridgeport creating 140 jobs and making our grid more reliable
- **Launched C-PACE** – from working with CBA to pass the law, to bringing 45 towns onboard over the past 6 months, to having 5 deals closed and now recommending to the Deployment Committee the approval of over $10 million in transactions in July
- **Repurposed ARRA-SEP Funds for Financing** – launched several residential financing programs including the Smart-E Loan, Cozy Home Loan, and Solar Loan that attract over $30 million in private investment at greater than 5:1 and in some case 11:1 leverage
- **Innovating on Rooftop Solar PV Financing** – closing on the largest public-private partnership to provide lease financing for Connecticut contractors and consumers – attracts $50 million in private capital (including local and regional banks), restores all incentives back to Connecticut (ratepayer payback), and includes solar hot water
- **Building a Sustainable Solar Industry** – in FY 2013 we doubled the CCEF's best year for residential solar PV, in FY 2014 we will double it again. We discovered Solarize, won $2.5 million in federal grants, created nearly 300 direct jobs, and discovered TAM
- **Built a Strong Leadership Team** – joined by Jessica Bailey, Kerry O'Neill, and Andy Brydges to round out our leadership team and established a new base in Stamford

Budget Process
FY 2014

CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

- **Review of Draft FY 2014 Budget –** May 8, 2013 (Complete)
- **Overview of the FY 2013 Program Performance to Comprehensive Plan and Draft FY 2014 Budget Processes –** May 17, 2013 (Complete)
- **Review of FY 2013 Program Performance to Comprehensive Plan –** June 6^{th} and 10^{th} (Complete)
- **Further Review of Draft FY 2014 Budget** – June 11, 2013 (Complete)
- **Recommendation for the Approval of the FY 2014 Budget** – June 21, 2013 (In Process)

Program Performance for FY 2013
Comprehensive Plan

CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

	Targets (through 2014)	Statutory & Infrastructure	Residential	Institutional	Commercial & Industrial	Total (as of today)
Ratepayer or Public Capital at Risk	$45,300,000	$17,749,814	$15,510,000	$2,900,000	$3,693,106	$39,852,920
Private Capital	$186,600,000	$93,816,385	$73,300,000	$10,000,000	*	$177,116,385
Deployed (MW)	51.1	25.5	-	-	0.1	25.6
# of Loans/Installs	5,283	975	-	-	5	980
Lifetime Produced (MWh)	-	2,231,279	-	-	2,376	2,323,655
Annual Saved (kMMBtu)	180	82	-	-	9	91
Full Time Equivalent Staff		7.3	6.3	1.6	7.4	22.6

REFERENCES
Status to Date reflects in aggregation the number of projects approved, under construction, or completed for each of the four (4) program sectors – residential, C&I, institutional, and statutory and infrastructure.

Program Performance for FY 2013
Closed Out and Transition Programs

- **On Site Distributed Generation Program**
- **Early Stage Technology Innovation Programs**
  - Alpha Program
  - Operational Demonstration Program
  - Clean Tech Fund
  - Technology Resource Assessments – fuel cells and micro wind
- **Education Programs**
  - Workforce Development Program
  - Formal Education Program

Program Performance for FY 2013
Revisions in Implementation

CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

Clean Energy Communities Program

1. Restructured to align with new mission of clean energy deployment and financing and support goals of the four sectors
2. Will allow municipalities to satisfy pledge by becoming “investment ready for clean energy” (e.g., opting in to C-PACE, adopting model stretch building codes, implementing streamlined permitting for renewable systems, benchmarking public buildings, etc.)
3. Incentivizes towns and task forces to promote deployment of clean energy (renewable energy systems, energy efficiency upgrades and fuel conversions) and utilization of new financing products (i.e. leases and loans)

Program Performance for FY 2013
Outstanding Commitments

CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY

- **Outstanding (as of June 30, 2012)** – $27 million of outstanding commitments
  - Project 150 – $7 million
  - OSDG – $12 million
  - Solar Hot Water and Geothermal - $2.5 million
- **Outstanding (as of April 30, 2013)** – $11.7 million of outstanding commitments
  - Project 150 - $1.5 million (Bridgeport Fuel Cell Park)
  - OSDG – $7 million
  - Solar Hot Water - $2 million

Quarterly Targets for FY 2014

MW – MMBtu by Sector

Quarters	Statutory & Infrastructure	Residential	Institutional	Commercial & Industrial	Total FY 2014 Target
1st Quarter July through September	2.0 – n/a	1.5 – 2,980	0.5 – 1,250	0.5 – 10,000	**4.5 – 14,230**
2nd Quarter October through December	6.0 – n/a	1.7 – 5,780	0.5 – 1,250	1.0 – 12,000	**9.2 – 19,030**
3rd Quarter January through March	3.0 – n/a	2.2 – 11,735	0.5 – 1,250	1.5 – 28,000	**7.2 – 40,985**
4th Quarter April through June	7.0 – n/a	1.2 – 19,365	0.5 – 1,250	2.0 – 50,000	**10.7 – 70,615**
Fiscal Year 2014 Total	**18.0 – n/a**	**6.6 – 39,860**	**2.0 – 5,000**	**5.0 – 100,000**	**31.6 – 144,860**

Revenues
Total

CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

Income	
Utility customer assessments	$27,600.0
EE RGGI auction proceeds	$12,700.0
RE RGGI auction proceeds	$5,900
Interest on bank deposits	$100.0
Interest Income - Solar Lease I Portfolio, net of fees	$110.0
Grant income (Federal Programs)	$300.0
Renewable Energy Credits,net of fees	$50.0
Other income	$100.0
Total revenues:	$46,860.0

Infrastructure Programs Performance
FY 2014

CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

Projects	Loans / Investments	Grants	FTEs
Grid-tied Loan Program	$3,500,000	-	0.5
Microgrid	$5,000,000	-	0.5

- Construction has begun on the Bridgeport Fuel Cell and completion is expected by the end of 2013
- Working with DEEP and the Brattle Group to understand microgrid financing opportunities and potential for a fuel cell investment fund

Operating Expenses (000's)	
Salary/Benefits	$172
Legal	$15
Consulting	$25
QA-QC	$10
Marketing	-
EM&V	-
Misc	$22
Total	**$244**

Statutory Programs
FY 2014

CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY

Programs	Loans / Investments	Credit Enhancements	Incentives	FTEs
RSIP	-	-	$9,200,000	5.2
Combined Heat & Power	-	-	$2,000,000	0.6
Anaerobic Digester	$2,500,000	-	$1,000,000	0.6

- Working with the town of Ansonia to develop a 2 MW anaerobic digester plant. Have converted their request from a grant to financing.
- Conducting assessment of WWTF in Connecticut to discern AD and CHP opportunities through an aggregation strategy.

Operating Expenses (000's)	
Salary/Benefits	$933
Legal	$5
Consulting	$150
QA-QC	$260
Marketing	$100
EM&V	$120
Misc	$357
Total	**$1,925**

Residential Programs
FY14 Budget

CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY

	Loans & Investments	Credit Enhancements	FTEs
Smart-E Loan/Cozy Loan	-	$2,525,000	3.5
CT Solar Lease	$3,825,000	-	1.9
CT Solar Loan	$2,804,000	-	0.8
Solar PV Capital Competition	$1,000,000	-	
Energy Efficiency Loan Program	$5,000,000	-	

- 10 banks signed up or in approval process for Smart-E. Will be statewide by end of Q1 FY14.
- 66 contractors trained on Smart-E and growing
- Loans closed or in process at 4 different lenders
- CT Solar Lease and Cozy Home launch around July 1
- CT Solar Loan closed it's first loan May 10. Significant pipeline of customers building with local installers.

Operating Expenses (000's)	
Salary/Benefits	$1,162
Legal	$60
Consulting	$171
QA-QC	$38
Marketing	$715
EM&V	$175
Misc	$311
Total	**$2,632**

C&I Programs
FY 2014 Budget

CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY

Programs	Loans / Investments	Credit Enhancements	Incentives	FTEs
C-PACE	$25,000,000	$3,000,000	-	7.1
Clean Energy Business Solutions	-	-	$3,000,000	0.2
Project Opportunity & Strategic Investment Fund	-	-	$500,000	0.2

- 45 C-PACE towns, representing 57% of the eligible market
- Commissioner Esty and Mayor Segarra attended an event on Monday celebrate closing a combined C-PACE and CEBS deal with the Bushnell

Operating Expenses (000's)	
Salary/Benefits	$1,194
Legal	$110
Consulting	$235
QA-QC	-
Marketing	$400
EM&V	$50
Misc	$201
Total	**$2,190**

Institutional Programs
FY 2014

Programs	Loans / Investments	Credit Enhancements	FTEs
Campus Efficiency Now	$875,000	-	0.9
Solar Lease	$675,000	-	0.7
WINN LISC	$1,875,000	-	1.1
Lead By Example	-	-	0.2

- Working with 4 colleges to finalize Campus Efficiency Now contracts
- The WINN LISC financing structure is complete and several candidates are being considered among Connecticut affordable housing owners. Funding for initial projects is anticipated during the summer of 2013.
- CT Solar Lease launching Summer 2013

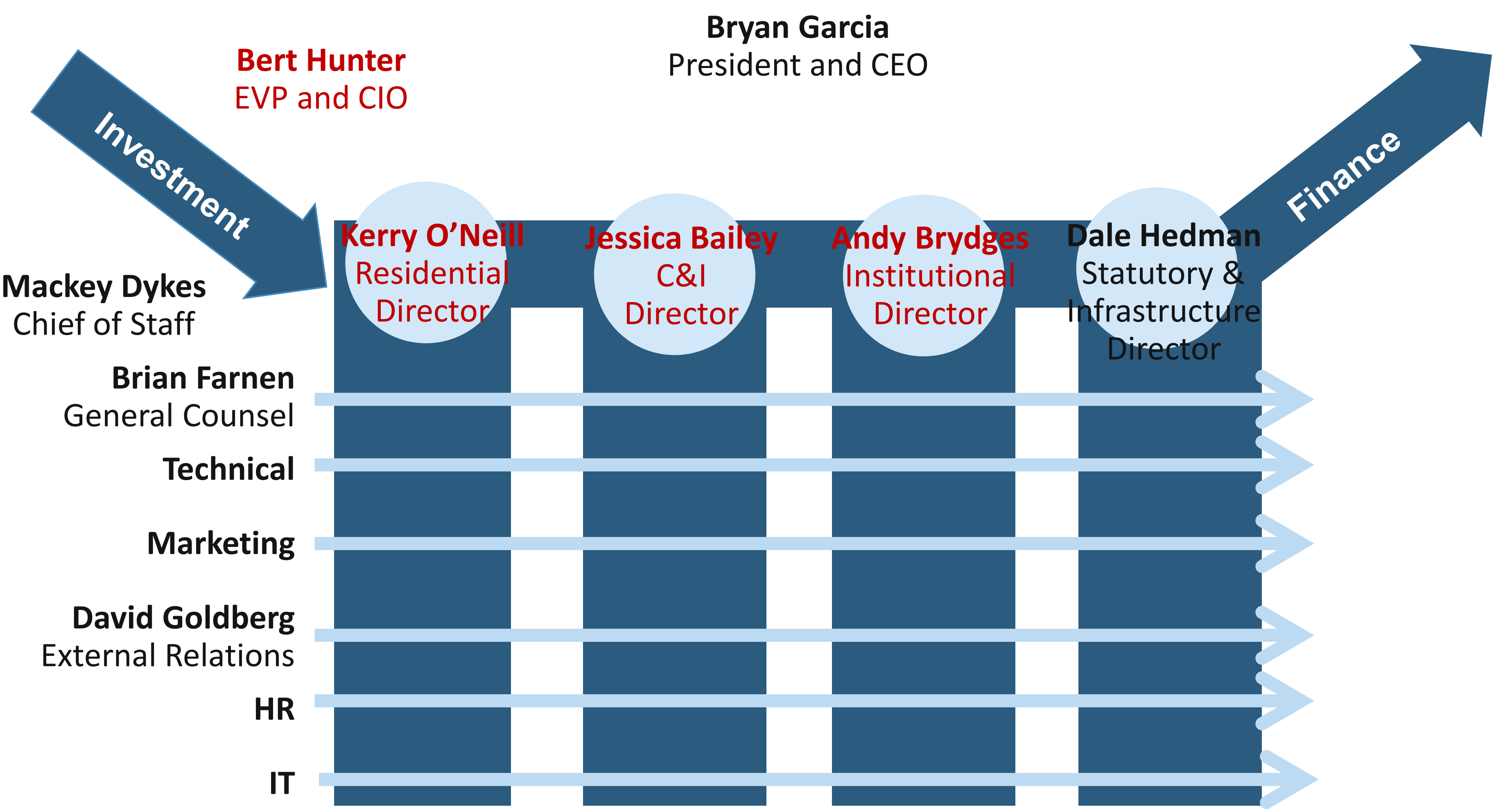
Operating Expenses (000's)	
Salary/Benefits	$568
Legal	-
Consulting	$50
QA-QC	-
Marketing	-
EM&V	-
Misc	$70
Total	**$688**

FY14 Overview

	Loans & Investments	Credit Enhancements	Grants & Rebates	Program & Admin Expenses	FTEs
Residential	$12,629	$2,525	-	$2,666	6.2
Commercial & Industrial	$25,000	$3,000	$3,500	$2,081	7.5
Institutional	$3,425	-	-	$697	2.9
Statutory & Infrastructure	$11,000	-	$12,200	$2,269	7.4
Outreach	-	-	$625	$825	2.2
Legacy	$1,335	-	-	$708	1
General Operations	-	-	-	$2,461	5.8
TOTAL	$53,389	$5,525	$16,325	$11,707	33

Leadership in Place

Built a Strong and Committed Team



Program Performance for FY 2013
Comprehensive Plan

CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY

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REFERENCES
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Proposed New Hires

	FY13	FY14
FTEs	30	33
Shared Service FTEs	4.93	5.93
Total	34.93	38.93

Position Changes		
Senior Manager, Residential	New Position	Q1
Program Assistant, Residential	New Position	Q1
Program Assistant, C-PACE	New Position	Q1
Accounting Assistant, Shared Services	New Position	Q3
Program Manager, Finance	New Position	Q3 or Q4

Staff Compensation Plans
Proposed

CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

- **Cost of Living Adjustment** – recommend providing a 3% increase in COLA for all staff
- **Guidance from the Board** – areas to discuss with the Budget and Operations Committee for future consideration in FY 2014:
  - **<u>Salary Range Revisions</u>** – adjust salary ranges to be consistent with study findings; and
  - **<u>Merit Compensation</u>** – investigate the potential to reward staff through merit compensation or an incentive plan for delivering beyond expectations.

Budget Process
FY 2014 Budget Proposal

CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

Resolution #6

WHEREAS, Article V of the Clean Energy Finance and Investment Authority (CEFIA) Operating Procedures requires the CEFIA Board of Directors (the "Board") to adopt an Annual Operating Budget for each forthcoming fiscal year;

WHEREAS, Article V, section 5.3.2 of the CEFIA by-laws charges the Budget and Operations Committee to recommend to the Board the annual operating budget; and

WHEREAS, on June 11, 2013 the Budget and Operations Committee recommended to the Board for consideration the proposed fiscal year 2014 budget with the exception of not making a specific recommendation with respect to salary adjustments and the proposed increase in staff;

NOW, therefore be it:

RESOLVED, that the Board hereby approves the proposed fiscal year 2014 budget.

Clean Energy Communities Program Re-Focused on Green Bank Mission

CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY

Resolution #7

RESOLVED, that the Board of Directors approve as part of the FY 2014 Operating and Program Budget funding in the amount of Five Hundred Fifty Thousand Dollars ($550,000) to implement the revised Clean Energy Communities Program focused on CEFIA's new mission as a Green Bank (the "Program");

RESOLVED, that staff will develop and publish revised Program Guidelines consistent with the Memorandum to the Board of Directors dated June 13, 2013;

RESOLVED, that 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 effectuate such financing on such terms and conditions as he or she shall deem to be consistent with the Program and in the best interests of CEFIA and the ratepayers; and

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 or instruments.

Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #7

Technology Innovations Committee

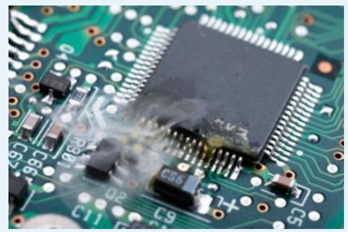
June 21, 2013

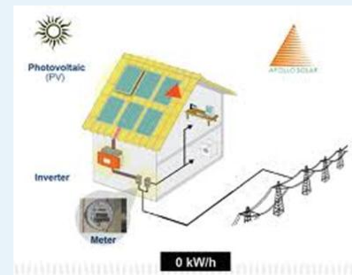
Technology Innovations Committee
Transition and Close-Out

CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

INVESTMENTS TRANSITIONED TO CONNECTICUT INNOVATIONS

Alpha Projects
Anchor Science
Apollo Solar





Op Demo Projects
RPM Sustainable Solutions
New England Hydropower Company
Mechasys

INVESTMENTS AND PROGRAMS CLOSED-OUT

Legacy Investments: Avalence, LiteTrough, Optiwind, Tallon Lumber

Technology Assessments: Fuel Cell and Small Wind Monitoring Programs

Technology Innovations Committee
Recommendations

CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

- **Close-Out Technology Innovations Committee**
  - Role has been served – transition and close-out completed
  - Remove from the bylaws

- **Issue a public statement . . . . . .**
  - Reinforcing CEFIA’s focus as a “green bank” financing scaled deployment of commercial technologies
  - Stressing state support for early stage technology innovation
  - Redirecting inquiries to CI where entrepreneurs will be more effectively supported by CI’s investment programs, with an array of services designed to support early stage ventures including equity, debt and strategic guidance

CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #8

Audit, Compliance and Governance Committee

June 21, 2013

ACG Committee
Recommendations – Dissolution of TI

CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY

Resolution #3

WHEREAS, Section 99 of Public Act 11-80, “An Act Concerning the Establishment of the Department of Energy and Environmental Protection and Planning for Connecticut’s Energy Future,” (the “Act”) directs the Clean Energy Finance and Investment Authority (“CEFIA”) to develop a comprehensive plan to foster the growth, development and commercialization of clean energy sources, related enterprises and stimulate demand clean energy and deployment of clean energy sources that serve end use customers in this state; and

WHEREAS, CEFIA has been strategically transitioning funding from technology innovation towards a focus on low-cost financing of commercially available clean energy deployment pursuant to CEFIA’s Board approved Comprehensive Plan; and

WHEREAS, CEFIA has four Standing Committees of the Board consisting of an Audit, Compliance and Governance (“ACG”) Committee, a Budget and Operations Committee, a Deployment Committee and a Technology Innovation Committee; and

WHEREAS, the ACG Committee recommended, effective July 1, 2013, that the CEFIA Board of Directors approves the dissolution of the Technology Innovation Committee.

NOW, therefore be it:

RESOLVED, that the CEFIA Board of Directors hereby approves, effective July 1, 2013, the dissolution of the Technology Innovation Committee and that CEFIA’s Bylaws are amended and restated to reflect such change.

ACG Committee

Recommendations – Public Statement

CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

Resolution #4

WHEREAS, the CEFIA Board of Directors approved, effective July 1, 2013, the dissolution of the Technology Innovation Committee.

NOW, therefore be it:

RESOLVED, that the CEFIA Board of Directors supports the public statement as presented to the Board dated June 21, 2013 to be issued by the President regarding the dissolution of the Technology Innovation Committee.

Review ACG proposal and recommend auditor for the next three audit periods

CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

- Section 5.3.1(i) of the Bylaws requires that the ACG Committee recommends to the Board as to the selection of the auditors.
- Connecticut Innovations, who provides administrative and accounting services to CEFIA, has reviewed and scored auditor bids and recommends Marcum, LLP.
- ACG Committee, CEFIA staff and CI staff recommend Marcum, LLP as the auditor for the next three Fiscal Years Ending June 30, 2013, 2014 and 2015.
- New staff request to conduct competitive Reznick Group and Marcum to compete for CEFIA Holdings (and subsidiaries) audit work

Connecticut Innovations Scoring

1 -10 Scale							
		35%	15%	20%	15%	10%	5%
Firm	FINAL SCORE	Total fees for the 3 years	Average Hourly Rate	Experience, Similar Engagements	Professional Assigned	Additional Work: Hourly Rates	Continuity
Marcum LLP Hartford, CT	9.51	9.10	10.00	10.00	9.50	9.00	10.00
Blum Shapiro W. Hartford, CT	8.88	10.00	5.00	10.00	8.50	9.00	9.00
Mahoney & Sabol Glastonbury, CT	8.82	9.20	7.00	9.00	9.00	10.00	8.00
Whittlesey & Hadley Hartford, CT	8.23	7.50	5.50	10.00	9.50	9.00	9.00
O'Connor Davies Wethersfield, CT	7.05	5.00	6.00	9.00	9.00	9.00	7.00

Review ACG proposal and recommend auditor for the next three audit periods

CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

Resolution #5

WHEREAS, Article V, Section 5.3.1(i) of the Clean Energy Finance and Investment Authority ("CEFIA") Operating Procedures requires that the Audit, Compliance and Governance ("ACG") Committee recommends to the Board of Directors (the "Board") the selection of the auditors;

WHEREAS, Connecticut Innovations provides administrative and accounting services to CEFIA, has reviewed and scored auditor bids and recommends Marcum, LLP.

WHEREAS, the ACG Committee recommended to the Board Marcum, LLP as CEFIA's auditor for the Fiscal Years Ending June 30, 2013, 2014, and 2015.

NOW, therefore, be it:

RESOLVED, that the Board approves Marcum, LLP as CEFIA's auditor for the Fiscal Years Ending June 30, 2013, 2014, and 2015 and authorizes CEFIA staff to conduct competitive bid process between Reznick Group and Marcum for CEFIA Holdings (and subsidiaries) only.

CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #10

Other Business

June 21, 2013

CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #11

Adjourn

June 21, 2013

CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY
Board of Directors
Draft Minutes – Regular Meeting
Friday, May 17, 2013

A regular meeting of the Board of Directors of the **Clean Energy Finance and Investment Authority ("CEFIA")** was held on May 17, 2013, 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 10:06 a.m. Board members participating: Mun Choi; Daniel Esty, Vice Chairperson of CEFIA and Commissioner of the Department of Energy and Environmental Protection ("DEEP"); Norma Glover; Sharon Dixon-Peay, State Treasurer's Office (by phone); John Olsen (by phone); Matthew Ranelli; Catherine Smith, Chairperson of CEFIA and Commissioner of the Department of Economic and Community Development ("DECD"); and Patricia Wrice (by phone).

Members Absent: Tom Flynn; and Reed Hundt.

Staff Attending: Jessica Bailey (by phone), George Bellas, Mackey Dykes, Brian Farnen, Bryan Garcia, David Goldberg, Dale Hedman, Bert Hunter (by phone), Kerry O'Neill, Cheryl Samuels, Shelly Mondo, and Kimberly Stevenson.

Others Attending: Alex Kragie, DEEP; and Denise Farrell.

2. Public Comments:

There were no public comments.

3. Approval of Minutes of Meeting of March 15, 2013:

Ms. Smith asked the Board to consider the minutes from the March 15, 2013 meeting.

> **Upon a motion made by Mr. Choi, seconded by Mr. Ranelli, the Board members voted in favor of adopting the minutes from the March 15, 2013 meeting as presented.**

4. Update from the President:

Mr. Garcia spoke about the ribbon cutting ceremony for the Bridgeport fuel cell project. He noted all of the components of the project and support the project received over the last several years. Mr. Garcia mentioned some of the economic benefits the project will bring to Connecticut, including approximately 140 jobs in manufacturing, construction and servicing. The Board acknowledged the staff, the Governor, the legislature and Ms. Jessie Stratton for their support of the project.

Mr. Garcia mentioned that staff has transitioned into the new offices at 845 Brook Street, Building #2, Rocky Hill. Additionally, the office in Stamford has also opened at 300 Main Street, 4th Floor. Mr. Garcia introduced Kerry O'Neill who was recently hired as Director of Residential Programs. He mentioned that Andy Brydges has been hired as Director of Institutional Programs and will begin June 10.

A discussion ensued on the significant costs of energy in state buildings and in particular for higher education. The University of Connecticut will be asked to set energy efficiency targets that align with the state, find funding for energy efficiency measures and ultimately reduce consumption.

Mr. Goldberg provided an update on legislation that could impact CEFIA. He reported on a commercial property tax exemption bill for renewable energy sources that was passed by the Senate and Committee on Appropriations. Mr. Goldberg explained that there would likely be an amendment called seeking to replace the mandate with an optional exemption. It was noted that if there has to be a compromise with the bill, consideration should be given to a phase-in or a three-year window.

Mr. Goldberg mentioned that staff has been working with legislators to draft legislation that expands upon the existing law for on-bill repayment.

Mr. Goldberg reported on the Commercial Property Assessed Clean Energy ("C-PACE") Program. He explained that the bill adds district heating and cooling and solar thermal or geothermal system projects to the improvements to be financed under the C-PACE Program. Mr. Goldberg further clarified that Solar Thermal and Geothermal already are eligible through CPACE and CEFIA's clean energy definition. The bill defines district heating and cooling systems and CEFIA seeks to expand the language to provide the opportunity to support microgrid and other community energy projects. Mr. Goldberg mentioned that staff is also working to try to amend the C-PACE legislation to authorize municipalities to put liens in place before completion of construction. He mentioned that an informal C-PACE forum will be held at the Legislative Office Building with the YMCAs, YWCAs and Boys and Girls Clubs to discuss high energy costs in buildings and the potential savings for the non-profit entities.

Mr. Garcia provided an overview of the Smart-E Loan Program that is being launched with $2,500,000 of credit enhancements from the American Recovery and Reinvestment Act—State Energy Program funds. These funds will be used to attract $28,000,000 of private capital from community banks and credit unions for residential homeowners to install various clean energy technologies that are consistent with the implementation of the Comprehensive Energy Strategy. He noted that the Smart-E Loan offers below market and not to exceed interest rates and longer terms including twelve years that provides households with an opportunity to receive positive cash flow benefits from undertaking various measures and that the debt service payments will be lower than the energy savings on a monthly basis. He noted that more and more capital providers are being attracted into the Smart-E Loan program each week and that contractor trainings are now beginning. The Board asked for quarterly updates on the performance of the Smart-E Loan program to ensure that the financing model is working as anticipated. Mr. Garcia mentioned that the systems CEFIA is putting in place will track data provided by the participating lenders on loan volume and repayment performance and collect the energy usage information of participating homeowners to show whether or not homeowners are realizing the savings estimated from the measures financed through the Smart-E Loan. Mr. Garcia spoke about some of the philosophical differences CEFIA is having with the utility companies, specifically CL&P, about access to customer usage data and requirements to participate in Home Energy Solutions or Home Performance with Energy Star. . CL&P has stated in the past that asking homeowners for usage data would create a barrier to participation in the Smart-E Loan program and create unnecessary program expenses. Mr. Esty expressed a desire to collect and analyze usage data to help determine the overall performance of the program and substantiate savings to the customer. Several Board members and staff concurred that the Home Energy Solutions Program is a good program. There was a concern expressed by Mr. Olsen that the Smart-E Loan program would be limited to a small set of contractors as opposed to being made accessible by all trained contractors. There was general consensus from the Board that homeowners should be able to use any qualified contractors and not necessarily constrained to use those contractors from the Home Energy Solutions and Home Performance with Energy Star Programs – and that the Smart-E Loan program should be an open market solution to accessing private capital. These two items should be conveyed to the public utilities and CEEF. Ms. O'Neill added that two other areas of philosophical difference included quality assurance inspections for financed jobs and the treatment of loan application fees by participating lenders. There was general consensus from the Board on the Smart-E product approach and it was determined that a resolution was not necessary at this time; but that if these issues persist, a formal resolution will be drafted for the Board to consider. The Board requested that Mr. Garcia move forward expeditiously with launching and implementing the Smart-E Loan.

5. <u>Connecticut Solar Lease 2—Update</u>:

Mr. Hunter provided an update on the Connecticut Solar Lease 2 program. Since the last meeting, the term sheet with US Bank has been signed for $23,800,000 in tax equity. He mentioned that the original commitment from the bank syndicate of debt providers has been reduced from $28,200,000 to $26,700,000 to ensure adequate debt service coverage and liquidity. Mr. Hunter mentioned that an insurance consultant has been retained to help seek appropriate insurance for the program. Staff is looking into possible credit/performance enhancement insurance. Mr. Hunter spoke about some of the steps staff is taking to ensure the Solar Lease 2 Program is even better than the Solar Lease 1 Program and a model for other programs around the nation. He noted that launching the program has taken longer than originally anticipated because of the complexities with the commercial component. The closing is anticipated to occur during the week of June 10, and Mr. Hunter mentioned that it may be necessary to convene a special meeting of the Board if issues arise.

6. <u>Discussion of Fiscal Year 2014 Budget</u>:

Mr. Garcia mentioned that the Budget Committee reviewed the draft fiscal year 2014 budget and will be meeting again during the week of June 10 to continue discussions on the proposed budget. A special meeting will be held with the Board during the first week of June to review the fiscal year 2013 program performance compared with the Comprehensive Plan, and the final proposed fiscal year 2014 budget will be presented to the Board for consideration at the meeting scheduled for June 21.

Mr. Dykes summarized the discussions held during the May 9, 2013 Budget Committee meeting. He mentioned that the Budget Committee asked staff about the programs that are working and those that are not before making a decision on how to allocate resources for the fiscal year 2014 budget. The Budget Committee also asked for more details on targets and timelines and metrics to define successes for each of the programs. More specific information relative to staffing and programs was also requested by the Budget Committee members. Mr. Dykes noted that all Board members will be invited to attend the special Budget Committee meeting that will be scheduled for the second week in June. The Board asked staff questions about outstanding/contingent obligations of CEFIA and a strategy and timeline for handling the outstanding commitments. Mr. Garcia and Attorney Farnen stated that the only outstanding Project 150 commitment is to the Bridgeport Fuel Cell project. Attorney Farnen explained that the closed out Project 150 applicants that received approval for funding several years ago were not able to provide any evidence that the representations, warranties and targets in the contracts for the respective projects are still correct; and therefore the contracts were terminated.

The Board noted the importance of understanding the longer-range plans for all of the programs and how the investments will be made to the programs long term.

Mr. Garcia spoke about the new concept for estimating the market potential and establishing stretch goals through the use of new tools including Total Available Market (TAM) and Serviceable Available Market (SAM). The Board acknowledged staff for the accomplishments made and challenges overcome during the last year.

7. <u>Other Business</u>:

There was no other business to discuss.

8. <u>Adjournment</u>: Upon a motion made by Mr. Ranelli, seconded by Mr. Esty, the Board members voted unanimously in favor of adjourning the May 17, 2013 meeting at 11:03 a.m.

Respectfully submitted,

____

Catherine Smith, Chairperson

CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY

Notes from Meeting of
Thursday, June 6, 2013

The meeting which was held at the **Clean Energy Finance and Investment Authority (the "CEFIA")** on June 6, 2013, at the office of CEFIA, 845 Brook Street, Rocky Hill, CT began at 9:11 a.m.

CEFIA Board members participating: Daniel Esty, Vice Chairperson of CEFIA and Commissioner of the Department of Energy and Environmental Protection ("DEEP"); Norma Glover; John Olsen (by phone); and Matthew Ranelli (by phone).

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

Others Attending: Teddi Ezzo (by phone).

Mr. Garcia explained that the purpose of special meeting today, Thursday, June 6, and Monday, June 10, is to discuss performance during fiscal year 2013 and how CEFIA is doing in comparison with the Comprehensive Plan which runs through calendar year 2014. Staff will provide presentations on the program performance, key metrics, lessons learned and quarterly targets for fiscal year 2014.

<u>Program Performance Reviews for FY2013</u>:

a. Statutory and Infrastructure Programs:

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

In response to a question about the potential loss of funding, Mr. Garcia and Mr. Esty explained that the legislature passed a bill reallocating a portion of the Regional Greenhouse Gas Emissions funding to CEFIA for energy efficiency projects. Public Act 11-80 broadened CEFIA's mandate to include financing efficiency projects in addition to renewable energy projects. A discussion ensued on the importance of getting the message out to stakeholders that CEFIA's funding will not be reduced. Staff indicated that an e-mail will be sent to all of the stakeholders about the status of CEFIA funding and that a call will be held next week. Mr. Esty expressed his support of CEFIA and his intention to transfer excess funds from RGGI beyond amounts previously budgeted to CEFIA for energy efficiency financing. The Board cautioned that staff should not "overpromise." The written statement should be given to Mr. Olsen who will send it to other stakeholders. The Board discussed some of the important things accomplished during the legislative session with respect to clean energy and energy efficiency. Staff will send a list to the Board of all the legislation benefitting and impacting CEFIA.

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

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

b. Residential Sector Programs:

Ms. O'Neill discussed the program performance for fiscal year 2013 for the residential programs (Smart-E and Cozy loans, Solar Lease, and Solar Loan). She spoke about the success with attracting private capital. Ms. O'Neill discussed the key metrics noting that ratepayer funds of $15,510,000 have leveraged about $73,300,000 of non-ratepayer funds The Board attributed the success to the design of the financing structure of the program. Ms. O'Neill talked about some of the lessons learned. A discussion ensued on the low FICO scores. The Board noted the importance of having targets for diversifying the residents that are served, particularly the lower income residents. The Board indicated that core principles of the programs should be communicated to the banks. In response to a question, Mr. Hunter stated that banks could receive Community Reinvestment Act credit for CEFIA activity. The Board talked about targeting the different sectors and industry categories (i.e. faith based organizations, YMCAs, etc.). Staff mentioned that the Connecticut Housing Investment Fund is currently assisting with borrowers with low FICO scores, and staff is reviewing long-term solutions for utilizing private capital for low FICO scores. Ms. O'Neill spoke about the targets for each of the product lines. In response to a question, staff explained the rationale for the report showing a reduction of activity in the fourth quarter. The Board expressed the desire to have a steady ramp-up and a suggestion was made to use a growth trajectory. Mr. Garcia mentioned that the budget will reflect the addition of staff necessary to help execute the programs, including a manager and an assistant. The Board emphasized the need to focus on execution.

c. Institutional Sector Programs:

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

d. Commercial and Industrial Sector Programs:

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

<u>Comprehensive Plan Review for Fiscal Year 2013</u>

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

Mr. Dykes discussed the outstanding commitments prior to July 1, 2012 in comparison with existing outstanding commitments. Mr. Garcia reviewed the budget process and anticipated time frame to approve the 2014 fiscal year budget. A special Budget and Operations Committee meeting will be held on Tuesday, June 11, 2013, and all Board members are invited to attend.

The meeting was adjourned at 10:25 a.m.

CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY

Notes from Meeting of
Monday, June 10, 2013

The meeting which was held at the **Clean Energy Finance and Investment Authority (the "CEFIA")** on June 10, 2013, at the office of CEFIA, 845 Brook Street, Rocky Hill, CT began at 4:13 p.m.

CEFIA Board Members Participating: Catherine Smith, Chairperson of CEFIA and Commissioner of the Department of Economic and Community Development; Tom Flynn (by phone); and Denise Farrell, on behalf of the State Treasurer's Office (by phone).

CEFIA Staff Attending: Jessica Bailey (by phone), Joe Buonannata, Mackey Dykes, Brian Farnen, Bryan Garcia, Dale Hedman, Bert Hunter, Kerry O'Neill, and Kimberly Stevenson.

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

<u>Program Performance Reviews for FY2013</u>:

a. Commercial and Industrial Sector Programs:

Ms. Bailey provided an overview of the Commercial Property Assessed Clean Energy ("C-PACE") program that was started by legislation passed in June 2012. She provided an overview of the program development. Ms. Bailey discussed the municipal outreach done throughout the year, noting that there are currently 44 towns on board or 55 percent of the eligible market. Ms. Bailey indicated that 56 percent of the transactions are progressing towards financing. She explained that not all are progressing because some applications are from owners who are not sure what they need. Ms. Bailey mentioned that the quality of the applications has increased from the initial applications that were outside the C-PACE scope. She reviewed the breakdown of projects between energy efficiency upgrades, renewable energy systems and both. Ms. Bailey also reviewed the breakdown by building type. Ms. Bailey mentioned that the number of megawatts deployed will increase as more transactions are closed. She stated that there are no credit enhancements in the program beyond a grant from the Department of Economic and Community Development ("DECD") for the Bushnell Theater project in Hartford. She reviewed the lender consents to date, noting that it is anticipated that there will be more in the future with the assistance of the CEIFA finance team. Ms. Bailey noted that CEFIA is working with DECD on education and coordination and how to bring financing opportunities directly to building owners. A suggestion was made to share projected financial information about potential returns with the owners.

Ms. Bailey reviewed the quarterly targets. Mr. Garcia mentioned that the budget will reflect the addition of staff necessary to help execute the program, including an assistant. Staff was commended for the amount of work that has been done in such a short time with C-PACE.

b. Residential Sector Programs:

Ms. O'Neill discussed the program performance for fiscal year 2013 for the residential programs (Smart-E and Cozy loans, Solar Lease, and Solar Loan). She noted that although the programs are new, staff has been successful with achieving a significant amount of leverage of private funding in a short time. Mr. Garcia mentioned that there will be a higher leverage ratio going forward as the loans are paid back. Ms. O'Neill reviewed some of the lessons learned. She noted that staff is investigating other strategies for the lower FICO band. Ms. O'Neill indicated the importance of contractor and lending training and making sure there is an understanding of CEFIA's processes and CEFIA understands the needs. She discussed the quarterly targets. Ms. O'Neill explained that the dip in the fourth quarter installations was due to seasonality and having fewer installations in the winter. In response to a question, Ms. O'Neill indicated that solar lease contractors are being trained. It was noted, however, that some installers are waiting until the program launches. Ms. O'Neill stated that there are 66 contractors and 7 lending institutions for the Smart-E Program. She indicated that there will be enough critical mass to do promotions through the banks. Mr. Garcia mentioned that the budget will reflect the addition of staff necessary to help execute the programs, including a manager and an assistant.

c. Statutory and Infrastructure Programs:

Mr. Hedman discussed the Residential Solar Investment Program ("RSIP"), the Combined Heat and Power and Anaerobic Digester Program and the Grid and Infrastructure Program. He indicated that CEFIA is close to completing the 2014 targets within this fiscal year. In total, relative to ratepayer capital, CEFIA has a target of $21,000,000 through fiscal year 2014 and is at about $17,700,000. The targeted private capital is $88,600,000 through fiscal year 2014 and CEFIA is currently at $93,800,000. The targeted megawatts deployed through 2014 are 26 and CEFIA is already at over 25 megawatts.

Mr. Hedman provided an overview of the objective function and the lessons learned. He noted that the community based programs like Solarize work well. Mr. Hedman spoke about the challenges relative to moving the Combined Heat and Power projects from a subsidy-based model to a financing-based model.

Mr. Hedman reviewed the quarterly targets for the statutory and infrastructure programs. He mentioned that CEFIA anticipates doubling the amount of residential solar projects in fiscal year 2014, doing approximately 12 megawatts of installed capacity versus 7 megawatts of installed capacity, which is equivalent to approximately 1,700 installations. Mr. Garcia mentioned that installers have brought down the installed costs by between 10 to 15 percent, and consumer demand has increased. He indicated that CEFIA is looking at the total available market and how to further advance financing to build a sustainable market. Mr. Hunter mentioned that CEFIA is also looking at ways to advance commercial projects. He noted that combining the Solar Lease with C-PACE will show the nation that this combination will be a secure mechanism to deploy commercial solar.

d. Institutional Sector Programs:

Mr. Garcia noted that Andy Brydges has been hired to manage this sector, and it is staff's challenge to figure out CEFIA's role in this sector. Mr. Hunter indicated that $10,000,000 has been allocated for Solar Lease, which should support about 3 megawatts of solar. Mr. Garcia explained that modest quarterly targets have been set. However, the numbers will be fleshed out and finalized with Mr. Brydges.

Comprehensive Plan Review for Fiscal Year 2013

Mr. Garcia provided an overview on progress made compared with the Comprehensive Plan. He summarized that CEFIA is doing well attracting private investment and is on target with respect to deployment. Mr. Garcia indicated that fiscal year 2014 will be focused on marketing and outreach to let the public know about CEFIA's residential and commercial programs.

Mr. Garcia provided key highlights from the proposed fiscal year 2014 budget including several key hires (a manager and assistant for the residential side, a program assistant for C-PACE, and a manager for the finance team). He mentioned that staff anticipating learning more about the MUSH market in 2014.

Mr. Garcia mentioned that the Technology Innovations programs (Operational Demonstration and Alpha) have been transitioned to Connecticut Innovations for management. Workforce development programs have been transitioned to United Illuminating. Mr. Garcia reiterated that CEFIA has structured its staff to be focused on financing the deployment of commercially available technology. Mr. Garcia discussed the revisions to the Clean Energy Communities Program to support the new direction of CEFIA with respect to deployment and financing.

Mr. Dykes discussed the outstanding commitments prior to July 1, 2012 in comparison with existing outstanding commitments. He summarized that approximately $15,000,000 in outstanding commitments has been cleared out. CCEF's 37 programs have been reduced to 4 CEFIA programs.

Mr. Garcia mentioned that the Budget and Operations Committee will be meeting tomorrow, June 11, to finalize the fiscal year 2014 budget; and it is anticipated that the budget will be forwarded to the Board for consideration at the June 21 Board meeting.

In response to a question raised by Ms. Smith about the potential significant increase in growth, Mr. Garcia indicated that he feels confident with the senior staff has an unwavering commitment to getting things done and that the focus is on execution for FY 2014.

The meeting was adjourned at 5:10 p.m.

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CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

Memo

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

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

Cc: Brian Farnen (General Counsel) and Bryan Garcia (President and CEO)

Date: June 14, 2013

Re: 2013 Regular Legislative Session Summary

Prior to the 2013 Regular Session of the Connecticut General Assembly CEFIA's Board of Directors and Senior Staff discussed legislative priorities. It was determined that CEFIA would work on the following legislative priorities.

- Commercial and Industrial Clean Energy Property Tax Exemption

In addition to the C&I Property Tax Exemption effort, CEFIA discovered a couple matters within the C-PACE program that needed to be addressed to allow CEFIA to continue to attract private capital investments into Connecticut to support C-PACE program implementation. CEFIA successfully collaborated with the Connecticut Bankers Association (CBA) on all C-PACE related legislative matters. These included:

- Authorizing/Clarifying that the benefit assessment/lien may be put in place (recorded) prior to the construction of the clean energy project;

- Clarifying that a C-PACE project that goes through a foreclosure process would only capture (be subject to) the "in arrears" component of the C-PACE project. The assessment would remain in place following the foreclosure process; and

- Clarifying the need for first mortgage consent.

Throughout the Regular Legislative session, CEFIA staff participated in public hearings and special meetings with the Energy and Technology Committee, Finance, Revenue, and Bond Committee, as well as legislative leadership and executive branch partners, including, but not limited to:

- **Energy Forum** – holding a two-hour forum on February 26, 2013 with the Co-Chairs of the Energy and Technology Committee on CEFIA;

- **Energy and Technology Committee** – providing public comment to the committee on March 7, 2013 and March 19, 2013, including CEFIA's key legislative priorities;

- **<u>C-PACE and YMCA, YWCA, and Boys and Girls Clubs</u>** – organizing with the House Majority Leader and House of Representative Co-Chairs of the Finance, Revenue and Bonding Committee, Energy and Technology Committee, and Bonding Committee as session on C-PACE financing to reduce operating costs from energy for YMCAs, YWCAs, and Boys and Girls Clubs across the state.

Furthermore, at the request of the Department of Energy and Environmental Protection (DEEP), CEFIA worked with a variety of stakeholders to successfully draft modified On-Bill Repayment (OBR) language that would require CEFIA and the Energy Conservation Management Board to develop an OBR program to support the deployment of clean energy for residential consumers.

Finally, at the end of session the legislature and Governor addressed the budget situation, and specifically the budget deficit. The original budget bill called for a transfer of CEFIA funds in the amount of $6.2M and $24.2M respectively in FY14 and FY15. Through the hard work of CEFIA staff, DEEP staff, the Governor's staff, the Legislature and industry stakeholders, an alternate proposal was ultimately passed. In short, CEFIA is still to transfer $6.2 M in FY14 and $19.2 M in FY15 ($5M less than what was originally proposed), however there is a provision that allows the Commissioner of DEEP to transfer any excess RGGI auction revenues (above and beyond the Conversation and Load Management plan budget--~$5M/year) to CEFIA for the purpose of further supporting energy efficiency through CEFIA's financing opportunities.

CEFIA is confident, based on RGGI market projections, recent auction results, and a commitment by Commissioner Esty to transfer all such excess funds to CEFIA, that we will in short-order be made whole. We have reached out to the Office of Fiscal Analysis seeking an agreement to have CEFIA transfer funds on a prorated monthly basis. This will allow CEFIA to manage its balance sheet to further support the goal of attracting private capital investment in clean energy in Connecticut.

For your convenience we have included Attachment A which contains CEFIA specific items passed during the 2013 Regular Legislative Session…..including the specific statutory language. As you will note, only SB 203, now PA 13-61, has been signed into law. We anticipate HB 6360 and SB 1138 will be signed soon.

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

Thank you.

ATTACHMENT A

2013 LEGISLATIVE SESSION--CEFIA SPECIFIC ITEMS

Senate Bill No. 203

Public Act No. 13-61

AN ACT CONCERNING PROPERTY TAX EXEMPTIONS FOR RENEWABLE ENERGY SOURCES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Subdivision (57) of section 12-81 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage and applicable to assessment years commencing on and after October 1, 2013*):

(57) **[**(a)**]** (A) Any Class I renewable energy source, as defined in section 16-1, or **[**any**]** hydropower facility described in subdivision (27) of subsection (a) of section 16-1, installed for the generation of electricity for private residential use or on a farm, as defined in subsection (q) of section 1-1, provided such installation occurs on or after October 1, 2007, and further provided such installation is for a single family dwelling, a multifamily dwelling consisting of two to four units or a farm, or any passive or active solar water or space heating system or geothermal energy resource;

(B) For assessment years commencing on and after October 1, 2013, any Class I renewable energy source, as defined in section 16-1, hydropower facility described in subdivision (27) of subsection (a) of section 16-1, or solar thermal or geothermal renewable energy source, installed for generation or displacement of energy, provided (i) such installation occurs on or after January 1, 2010, (ii) such installation is for commercial or industrial purposes, (iii) the nameplate capacity of such source or facility does not exceed the load for the location where such generation or displacement is located, and (iv) such source or facility is located in a distressed municipality, as defined in section 32-9p, with a population between one hundred twenty-five thousand and one hundred thirty-five thousand;

(C) For assessment years commencing on and after October 1, 2013, any municipality may, upon approval by its legislative body or in any town in which the legislative body is a town meeting, by the board of selectmen, abate up to one hundred per cent of property tax for any Class I renewable energy source, as defined in section 16-1, hydropower facility described in subdivision (27) of subsection (a) of section 16-1, or solar thermal or geothermal renewable energy source, installed for generation or displacement of energy, provided (i) such installation occurs between January 1, 2010, and December 31, 2013, (ii) such installation is for commercial or industrial purposes, (iii) the nameplate capacity of such source or facility does not exceed the load for the location where such generation or displacement is located, and (iv) such source or facility is not located in a municipality described in subparagraph (B) of this subdivision;

(D) For assessment years commencing on and after October 1, 2014, any Class I renewable energy source, as defined in section 16-1, hydropower facility described in subdivision (27) of subsection (a) of section 16-1, or solar thermal or geothermal renewable energy source, installed for generation or displacement of energy, provided (i) such installation occurs on or after January 1, 2014, (ii) is for commercial or industrial purposes, and (iii) the nameplate capacity of such source or facility does not exceed the load for the location where such generation or displacement is located;

[(b)**]** (E) Any person claiming the exemption provided in this subdivision for any assessment year shall, on or before the first day of November in such assessment year, file with the assessor or board of assessors in the town in which such hydropower facility, Class I renewable energy source, solar thermal or geothermal renewable energy source or passive or active solar water or space heating system or geothermal energy resource is located, a written application claiming such exemption. Failure to file such application in the manner and form as provided by such assessor or board within the time limit prescribed shall constitute a waiver of the right to such exemption for such assessment year. Such application shall not be required for any assessment year following that for which the initial application is filed, provided if such hydropower facility, Class I renewable energy source, solar thermal or geothermal renewable energy source or passive or active solar water or space heating system or geothermal energy resource is altered in a manner which would require a building permit, such alteration shall be deemed a waiver of the right to such exemption until a new application, applicable with respect to such altered source, is filed and the right to such exemption is established as required initially;

Approved June 3, 2013

Summary & Benefits:

- Tax exemption for commercial and industrial customers for Class I as well as solar thermal and geothermal energy sources

- Mandate effective 1/1/14 (Assessment year commencing on and after October 1, 2013)

- Optional exemption to municipalities for eligible projects installed between January 2010 and December 2013

- Immediate eligibility to distressed municipalities w/specific population criteria

- This policy will attract more private investment in clean energy in Connecticut---further allowing competitive pricing through programs like **C-PACE/ZREC/LREC +++**

House Bill No. 6360

AN ACT CONCERNING IMPLEMENTATION OF CONNECTICUT'S COMPREHENSIVE ENERGY STRATEGY.

C-PACE

Sec. 42. Subdivision (1) of subsection (e) of section 16a-40g of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(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 (A) place a caveat on the land records indicating that a benefit assessment and lien is anticipated upon completion of energy improvements for such property, or (B) at the direction of the authority, levy the benefit assessment and file a lien on the land records based on the estimated costs of the energy improvements prior to the completion or upon the completion of said improvements.

Sec. 43. Subsection (g) of section 16a-40g of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(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**]** or if the financing agreement provides that the benefit assessments shall be paid in installments then each installment payment, shall be 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 and, 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. To the extent benefit assessments are paid in installments and any such installment is not paid when due, the benefit assessment lien may be foreclosed to the extent of any unpaid installment payments and any penalties, interest and fees related thereto. In the event such benefit assessment lien is foreclosed, such benefit assessment lien shall survive the judgment of foreclosure to the extent of any unpaid installment payments of the benefit assessment secured by such benefit assessment lien that were not the subject of such judgment.

Summary & Benefits:

- In collaboration with the Connecticut Bankers Association, a modification clarifies mortgage provider consent
- Improve the lien or benefit assessment timing – to provide assurances to capital providers that a benefit assessment can be placed on a property during construction as opposed to after a project is commissioned

- Clarifies what happens in the event of a foreclosure of a property that has benefitted from C-PACE financing in that loan repayments for C-PACE are in arrears and that a foreclosure action would not eliminate the benefit assessment or lien going forward

- Policy will make more lenders comfortable with providing consent for C-PACE projects that improve the financial performance of a building and attract additional lower cost long-term financing for clean energy improvements.

Energize Connecticut – a Community-Based Marketing Campaign Modeled after Solarize Connecticut

Sec. 52. (Effective from passage) (a) The Commissioner of Energy and Environmental Protection, the Clean Energy Finance and Investment Authority and the Energy Conservation Management Board shall, in coordination with the electric distribution and gas companies, as defined in section 16-1 of the general statutes, as amended by this act, establish a pilot program in at least four municipalities, consistent with the policy goals of the Comprehensive Energy Strategy, to (1) ensure that potential customers targeted for conversion to natural gas are incented to install efficient equipment and improve the efficiency of the building envelope at the time of conversion, (2) ensure that customers who cannot cost-effectively convert to natural gas are incented to install efficient equipment and improve the efficiency of the building envelope, and (3) provide access to low-cost financing for natural gas conversion or efficiency upgrades. The pilot program shall utilize a community-based marketing campaign and a competitive solicitation for volume pricing on high efficiency heating equipment and insulation.
(b) The pilot program shall terminate on December 31, 2014, after which the department may evaluate the results of the pilot program and determine whether to reestablish the pilot program or establish a permanent program.

<u>Summary & Benefits:</u>

- Acknowledges the impact Solarize Connecticut has had on marketing innovation to both reduce installed cost and increase customer demand

- Creates an opportunity for DEEP, CEFIA and CEEF to collaborate on a community-based marketing campaign focused on fuel conversions, equipment replacement, weatherization, and financing.

Bonding – $18 Million Renewable Energy and Efficient Energy Finance Program

Sec. 55. Subsection (b) of section 16-245aa of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(b) The Clean Energy Finance and Investment Authority, in consultation with the Department of Energy and Environmental Protection, the Department of Economic and Community Development and the State Treasurer, shall establish a renewable energy and efficient energy finance program. Said authority shall make grants, investments, loans or other forms of financial assistance under said program to projects for the purchase and installation of (1) renewable energy sources, including solar energy, geothermal energy<u>, thermal energy storage, electric storage</u> and fuel cells or other energy-efficient hydrogen-fueled energy, or (2) energy-efficient generation sources, including units providing combined heat-and-power operations with greater than sixty-five per cent efficiency or such higher efficiency level as said authority may prescribe. Said authority may make grants under said program of up to two and one-half per cent of the balance in the account to support workforce development initiatives in connection with deployment of the projects. Said authority shall give priority to applications for grants, investments, loans or other forms of financial assistance to projects that use major system components manufactured or assembled in Connecticut. Each grant, investment, loan or other form of financial assistance shall be in an amount that makes the cost of purchasing, installing and operating the renewable energy or energy-efficient generation source competitive with the grid's or other end users' current electricity expenses.

<u>Summary & Benefits:</u>

- Collaboration between CEFIA, DEEP, DECD, and the Treasurer's Office to make grants, investments, and loans to projects for the purchase and installation of renewable energy sources, CHP, and storage technologies.

- Given our focus on transitioning away from a market built on grants and subsidies towards a sustainable market built on financing, we expect to utilize bond resources through providing loans.

- Support components and systems that are manufactured or assembled in Connecticut.

- Can support CEFIA microgrid efforts in collaboration with DEEP

On Bill Repayment for Residential Customers

Sec. 58. (NEW) (*Effective from passage*) (a) For purposes of this section, (1) "clean energy improvements" means improvements from the installation of clean energy, as defined in subsection (a) of section 16-245n of the general statutes, and shall include smart meters, provided such improvements are applicable to a residential dwelling unit of a customer of an electric distribution company or gas company, and (2) "electric distribution company" and "gas company" have the same meanings as provided in section 16-1 of the general statutes, as amended by this act.

(b) On or before April 1, 2014, the Energy Conservation Management Board and the Clean Energy Finance and Investment Authority, in consultation with the electric distribution companies and gas companies, shall establish a comprehensive residential clean energy on-bill repayment program financed by third-party private capital managed by the Clean Energy Finance and Investment Authority. Such program shall have the following features:

(1) To establish a process for qualifying clean energy improvements;

(2) To prioritize clean energy improvements for cost-effectiveness;

(3) To reduce peak electricity demand;

(4) To assist customers of electric distribution companies or gas companies in accessing incentives, other cost savings and financing for clean energy improvements, including natural gas furnaces or boilers that meet or exceed federal Energy Star standards and propane and oil furnaces and boilers that are not less than eighty-four per cent efficient;

(5) To identify knowledgeable contractors for installation of clean energy improvements and to ensure successful installation of such improvements;

(6) To finance clean energy improvements to the extent the tenor of such financing repayment does not exceed the average expected life of such improvements;

(7) To provide that the repayment amount plus the anticipated periodic customer bill after installation of the clean energy improvements does not exceed the anticipated periodic bill for electric or gas service without installation of such improvements, including no energy savings improvements;

(8) To authorize the disconnection for nonpayment by the customer of any financing repayment amount, except during the pendency of any complaint, investigation, hearing or appeal challenging the on-bill repayment loan, terms, accuracy or related matters, with any on-bill repayment amount treated as part of the customer's utility account subject to the protections provided in sections 16-262c, 16-262d, 16-262g to 16-262i, inclusive, and 16-262x of the general statutes;

(9) To establish program guidelines to address the ramifications of on-bill repayment and the risks associated with disconnection of service of low-income and hardship customers;

(10) To provide the assignment of repayment obligations to subsequent owners of the dwelling unit upon the development by the Energy Conservation Management Board and the Clean Energy Finance and Investment Authority of timely written notice guidelines to subsequent owners, except on-bill repayment amounts may not be directly charged to a tenant of a dwelling unit by a utility company pursuant to section 16-262e of the general statutes or a receiver pursuant to sections 16-262f, 16-262t, 47a-14h and 47a-56a to 47a-56k, inclusive, of the general statutes; and

(11) To provide that the on-bill repayment billing and collection services shall be available without regard to whether the energy or fuel delivered by the utility is the customer's primary energy source.

(c) The guidelines for the comprehensive residential clean energy on-bill repayment program pursuant to subdivisions (9) to (11), inclusive, of subsection (b) of this section shall be subject to review and approve by the Public Utilities Regulatory Authority, which review shall commence upon filing such guidelines with the authority and the review shall be deemed complete not later than ninety days after such filing. Such review shall be conducted in an uncontested proceeding.

(d) On-bill repayment for any loan that is part of the comprehensive residential clean energy on-bill repayment program established pursuant to this section and utilized to improve efficiency or clean energy improvements for provision of heat to a dwelling unit shall be treated as part of the primary heating expense for the customer for purposes of (1) any energy assistance program funded or administered by the state or under any plan adopted pursuant to section 16a-41a of the general statutes, and (2) any matching payment program plan pursuant to subdivisions (4) to (6), inclusive, of subsection (b) of section 16-262c of the general statutes.

Summary & Benefits:

- Providing single family households with access to low cost long-term private capital to finance clean energy improvements and repaying those investments through their utility bill is a major policy innovation.

- We will be working with the CEEF to develop this program and provide an on bill repayment solution for households that want to install heating equipment replacements, insulation, solar PV, solar hot water, ground source heat pumps, smart meters, EV recharging stations…and more – measures that are consistent with the implementation of the Comprehensive Energy Strategy.

- The program is fuel blind – meaning it is available for electric, gas, and heating oil customers….and a portion of the financing can also be used to improve the health of the home – including asbestos removal, lead abatement, etc.

- There are provisions in the statute on shut-off and staying with the meter that are included.

- We are committed to working with advocates in the low and fixed income communities to ensure that hardship concerns are addressed as part of the program design and guidelines.

- Our expectation is that over time this policy will provide capital providers with the security that they need in order to provide customers with access to low cost and long-term capital that gets repaid through their utility bill.

Bill No. 6706

AN ACT IMPLEMENTING PROVISIONS OF THE STATE BUDGET FOR THE BIENNIUM ENDING JUNE 30, 2015 CONCERNING GENERAL GOVERNMENT.

Sec. 131. Subsection (b) of section 22a-200c of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2013*):

(b) The Department of Energy and Environmental Protection shall auction all emissions allowances and invest the proceeds, which shall be deposited into a Regional Greenhouse Gas account established by the Comptroller as a separate, nonlapsing account within the General Fund, on behalf of electric ratepayers in energy conservation, load management and Class I renewable energy programs. In making such investments, the Commissioner of Energy and Environmental Protection shall consider strategies that maximize cost effective reductions in greenhouse gas emission. Allowances shall be auctioned under the oversight of the Department of Energy and Environmental Protection by a contractor or trustee on behalf of the electric ratepayers. On or before July 1, 2015, notwithstanding subparagraph (C) of subdivision (5) of subsection (f) of section 22a-174-31 of the regulations of Connecticut state agencies, the commissioner may allocate to the Clean Energy Finance and Investment Authority any portion of auction proceeds in excess of the amounts budgeted by electric distribution companies in the plan submitted to the department on November 1, 2012, in accordance with section 16-245m, to support energy efficiency programs, provided any such excess proceeds may be calculated and allocated on a pro rata basis at the conclusion of any auction.

Sec. 378. Section 107 of house bill 6704 of the current session, as amended by house amendment schedule A, is amended to read as follows (*Effective from passage*):

The sum of **[**$24,200,000**]** $19,200,000 shall be transferred from the Clean Energy Finance and Investment Authority established pursuant to section 16-245n of the general statutes, and credited to the resources of the General Fund for the fiscal year ending June 30, 2015.

Summary & Resolution:

- Revenue package called for transfers from CRRA, banking funds, and other sources to the General Fund to balance the budget.
- The original proposal included the transfer of $5 million of RGGI funds in FY 2015 and the transfer of $6.2 million and $24.2 million of CEFIA funds in FY 2014 and FY 2015 respectively
- When we were alerted to this proposal late Saturday night, the CEFIA team jumped into action to mitigate and then alleviate the problem.
    - With the support of the Governor's office, the Commissioner and his staff of the Department of Energy and Environmental Protection, legislators of the Energy and Technology as well as the Finance committees, and industry, labor, and environmental stakeholders all working hard – we found a solution

- Current resolution includes the elimination of the proposed transfer of $5 million of RGGI funds in FY 2015, a $5M reduction in the CEFIA transfer in FY 2015 to the General Fund, and a mechanism by which excess RGGI allowance proceeds from 2013 through 2015 would be transferred to CEFIA to support energy efficiency financing and eliminate the funding gaps for FY 2014 and FY 2015

Sec. 10. Subdivision (1) of subsection (j) of section 16-244c of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(j) (1) 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 contract with its wholesale suppliers to comply with the renewable portfolio standards. The Public Utilities Regulatory Authority shall annually conduct **[**a contested case, in accordance with the provisions of chapter 54,**]** an uncontested proceeding in order to determine whether the electric distribution company's wholesale suppliers met the renewable portfolio standards during the preceding year. On or before December 31, 2013, the authority shall issue a decision on any such proceeding for calendar years up to and including 2012, for which a decision has not already been issued. Not later than December 31, 2014, and annually thereafter, the authority shall, following such proceeding, issue a decision as to whether the electric distribution company's wholesale suppliers met the renewable portfolio standards during the preceding year. An electric distribution company shall include a provision in its contract with each wholesale supplier that requires the wholesale supplier to pay the electric distribution company an amount of five and one-half cents per kilowatt hour if the wholesale supplier fails to comply with the renewable portfolio standards during the subject annual period. The electric distribution company shall promptly transfer any payment received from the wholesale supplier for the failure to meet the renewable portfolio standards to the Clean Energy Fund for the development of Class I renewable energy sources, **[**. Any payment made pursuant to this section shall not be considered revenue or income to the electric distribution company.**]** provided, on and after the effective date of this section, any such payment shall be refunded to ratepayers by using such payment to offset the costs to all customers of electric distribution companies of the costs of contracts entered into pursuant to sections 16-244r and 16-244t. Any excess amount remaining from such payment shall be applied to reduce the costs of contracts entered into pursuant to subdivision (2) of this subsection, and if any excess amount remains, such amount shall be applied to reduce costs collected through nonbypassable, federally-mandated congestion charges, as defined in section 16-1, as amended by this act.

Sec. 11. Subsection (k) of section 16-245 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(k) Any licensee who fails to comply with a license condition or who violates any provision of this section, except for the renewable portfolio standards contained in subsection (g) of this section, shall be subject to civil penalties by the Public Utilities Regulatory Authority in accordance with section 16-41, or the suspension or revocation of such license or a prohibition on accepting new customers following a hearing that is conducted as a contested case in accordance with chapter 54. Notwithstanding the provisions of subsection (d) of section 16-244c regarding an alternative transitional standard offer option or an alternative standard service option, the authority shall require a payment by a licensee that fails to comply with the renewable portfolio standards in accordance with subdivision (4) of subsection (g) of this section in the amount of five and one-half cents per kilowatt hour. On or before December 31, 2013, the authority shall issue a decision, following an uncontested proceeding, on whether any licensee has failed to comply with the renewable portfolio standards for calendar years up to and including 2012, for which a decision has not already been issued. On and after the effective date of this section, the Public

Utilities Regulatory Authority shall annually conduct an uncontested proceeding in order to determine whether any licensee has failed to comply with the renewable portfolio standards during the preceding year. Not later than December 31, 2014, and annually thereafter, the authority shall, following such proceeding, issue a decision as to whether the licensee has failed to comply with the renewable portfolio standards during the preceding year. The authority shall allocate such payment to the Clean Energy Fund for the development of Class I renewable energy sources, provided, on and after the effective date of this section, any such payment shall be refunded to ratepayers by using such payment to offset the costs to all customers of electric distribution companies of the costs of contracts entered into pursuant to sections 16-244r and 16-244t. Any excess amount remaining from such payment shall be applied to reduce the costs of contracts entered into pursuant to subdivision (2) of subsection (j) of section 16-244c, and if any excess amount remains, such amount shall be applied to reduce costs collected through nonbypassable, federally-mandated congestion charges, as defined in section 16-1, as amended by this act.

Summary & Resolution:

- Under current law, ACP revenues must go to the Clean Energy Finance and Investment Authority to develop new Class I resources.

- The bill instead requires that these revenues be used to offset existing ratepayer costs. Specifically, the bill requires, starting January 1, 2014, that these payments be first refunded to ratepayers by using them to offset the costs to all customers of electric companies of the costs of long-term contracts with zero- and low-emission renewable energy generators under two existing programs. Any remaining amount must be applied to reduce the costs of contracts under another existing program. If any amount remains, it must be applied to reduce costs collected through non-bypassable, federally mandated congestion charges on electric bills.

- To-date in FY 13, the Clean Energy Fund has received $215,000 in compliance payments for 2009 noncompliance of electric companies and $2,000 in civil penalties from competitive suppliers.

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CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

Memo

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

From: Bryan Garcia (President and CEO)

Cc Mackey Dykes (Chief of Staff), Brian Farnen (General Counsel), David Goldberg (Director of Government and External Affairs), and Bert Hunter (EVP and CIO),

Date: June 14, 2012

Re: Connecticut General Assembly Revenue Package and CEFIA Transfer and Budget

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Overview
Late in the evening on Saturday, June 1, 2013, the House of Representatives of the Connecticut General Assembly voted 95-48 in favor of a Revenue Package (LCO 8545) that included the following transfer of funds from CEFIA to the General Fund to help provide revenues to balance the budget – $6.2 million in FY 2014 and $24.2 million in FY 2015.

CEFIA was blindsided by this $30.4 million transfer of funds from CEFIA to the General Fund. There was a loss of expected revenues within the State's proposed budget that left a shortfall requiring alternative revenue sources to fill the budget gap. Several other transfers to the General Fund from other state accounts occurred besides CEFIA including, but not limited to:

- $35.0 million from the Connecticut Resources Recovery Authority in FY 2014
- $11.0 million from the Banking Fund in FY 2014 and FY 2015
- $5.0 million from RGGI in FY 2015

When CEFIA senior staff was alerted to this, we immediately took action with the goal of mitigating and then alleviating the impact the transfer would have had on the CEFIA budget. This memo provides an overview of the solution that we were able to achieve through Bill No. 6706 "An Act Implementing the Provisions of the State Budget for the Biennium Ending June 30, 2015 Concerning General Government".[1] It also includes my opinions on the impact this situation has had on the organization and the market.

Solution
Working closely with the Governor's Office, Commissioner Esty and his staff, key legislative leaders, and industry stakeholders, we were able to mitigate and then alleviate the CEFIA transfers to the General Fund.

[1] http://www.cga.ct.gov/2013/TOB/H/2013HB-06706-R00-HB.htm

Transfer Reduction in FY 2015 – Mitigation
We were able to immediately mitigate the impact of the FY 2015 transfer from CEFIA of $24.2 million to $19.2 million – see Section 378 of Bill No. 6706 (see Table 1). An education grant of $10.0 million was cancelled, thus removing the need to transfer $5.0 million from RGGI and $5.0 million from CEFIA in FY 2015.

Table 1. Original Fiscal Year Transfers and Progress Made after Day #1 ($ millions)

FY Transfers	Original Situation	Day #1 Progress
FY 2014 Transfer	$6.2	$6.2
FY 2015 Transfer	$24.2	$19.2
Total Transfer	$30.4	$25.4
Impact Reduction		($5.0)

Revenue Increase to Restore the Transfer – Alleviation
Working closely with DEEP, we identified a solution in RGGI allowance proceeds that would restore the transfers in FY 2014 and FY 2015 without adversely impacting the utilities that currently receive funds from DEEP for energy efficiency – see Section 131 of Bill No. 6706. The relevant language that will restore the transfer of CEFIA funds to the General Fund is below:

> On or before July 1, 2015, notwithstanding subparagraph (C) of subdivision (5) of subsection (f) of section 22a-174-31 of the regulations of Connecticut state agencies, the commissioner may allocate to the Clean Energy Finance and Investment Authority any portion of auction proceeds in excess of the amounts budgeted by electric distribution companies in the plan submitted to the department on November 1, 2012, in accordance with section 16-245m, to support energy efficiency programs, provided any such excess proceeds may be calculated and allocated on a pro rata basis at the conclusion of any auction.

The DEEP Commissioner has the authority to transfer RGGI allowance proceeds in excess of the revenues budgeted by the utilities for energy efficiency projects from 2013 through 2015. Commissioner Esty has expressed to me and at our last two Board meetings his commitment to fully restoring the CEFIA transfer to the General Fund through this implementer bill solution.

For the details on how the transfer of CEFIA funds to the General Fund will be restored by RGGI allowance proceeds, please see Appendix A.

Impact
The last week of the 2013 Legislative Session, specifically as it applies to the budget of the State of Connecticut, the transfers by CEFIA to the General Fund in FY 2014 and FY 2015, and the solution reached to mitigate and then restore CEFIA, has had an impact on CEFIA. As the President and CEO of this organization, the individual to whom you have hired to oversee its successful growth and development, it is my obligation to express the concerns that this incident has raised in order to prevent such instances from occurring again. These are my concerns:

1. **Reliable Source of Capital** – to be an independent quasi-public organization or "green bank" focused on using limited ratepayer and/or taxpayer resources to attract private investment to finance Connecticut's clean energy goals, the capital markets needs to feel confident that CEFIA is not only going to be around in order to partner with, but that CEFIA has a reliable source of capital (or balance sheet) to leverage. The first call we received on Monday was from one of our principal debt providers in the Connecticut Solar Lease who saw the morning headlines. Fortunately for CEFIA, even as we work to close the documentation to secure the investment of private capital providers in the Connecticut Solar Lease, we were able to inform them of the goings on and alleviate many of the concerns that they might have had.

2. **Stable Player in the Market** – in order to continue the progress we have made with contractors in building a sustainable market for clean energy in Connecticut, contractors need to be able to rely on CEFIA as a stable player in the market in order to plan for and build their businesses. In its first year, CEFIA doubled the amount of residential rooftop solar PV systems than the CCEF did in its best year. CEFIA expects to double that number again in 2014, but the potential for an ebb and flow state partner for contractors can be very detrimental to the development of a sustainable market. Contractors need to be able to count on CEFIA being there over the long-term and this incident has shaken their confidence, which could impact their thinking on growing their business in Connecticut.

3. **Commitment to Public Service** – over the past year, we have restructured CEFIA from a personnel point of view to be able to take on the new "green bank" mission. Many of the staff are new to public service and they come predominantly from the private sector. This incident has raised concern by them in the risks of unilateral government action and its impacts on the organization. My first challenge on Monday morning was to make sure that they were all informed of what was transpiring and to instill confidence in them that we were going to mitigation and alleviate the problem. Fortunately, we were able to do that with the support of the Governor and the Legislature, but this occurrence has shaken them. Having experienced, committed and capable people is my best resource and we need it to stay that way.

Connecticut's leadership in creating CEFIA and the nation's first state-level "green bank" has already sparked imitation in our neighboring state of New York and other states across the country – including this week with Governor O'Malley and the State of Maryland. As New York gets up and running, there will be opportunities to work with them and realize more positive benefits for Connecticut and our efforts to attract private investment in clean energy deployment. If we demonstrate the wrong things as a result of actions that are out of our control, then the opposite of this is true – capital providers and contractors will work with other states and not Connecticut.

Those are my opinions of the impacts this situation has had on the market and this organization. As I mentioned to all of you, we are committed to our goal of not only using limited ratepayer funds to attract multiples of private capital investment in clean energy in Connecticut, but also to transition away from a market built on subsidies. This is our challenge – we worked through last week's situation as a team and I hope that we are better for having done so.

Appendix A

Overview of Section 131 of Bill No. 6706 – CEFIA Solution through RGGI Allowance Proceeds

The key pieces referenced in Section 131 of Bill No. 6706 that restore CEFIA funds transferred to the General Fund through RGGI allowance proceeds are the following:

1. **<u>RGGI Regulations on Allowance Proceeds for Energy Efficiency</u>** – Section 22a-174-31(f)(5)(C) of RGGI regulations states the following:

   Not later than December 31, 2009 and December 31 of each year thereafter, at least sixty-nine and one-half (69.5) percent of proceeds from auctions, less any amount of revenue refunded pursuant to subsection (j) of this section, shall be transferred to accounts held by Connecticut Light & Power (CL&P) and United Illuminating (UI) and overseen by the Energy Conservation Management Board and to an account held by the Connecticut Municipal Electric Energy Cooperative (CMEEC). Seventy five (75) percent of such proceeds shall be distributed to the CL&P account, eighteen and three-fourths (18.75) percent shall be distributed to the UI account and six and one-fourth (6.25) percent shall be distributed to the CMEEC account. Such proceeds shall be used to support the development of energy efficiency measures; and

   CL&P and UI receive approximately 65.2% of RGGI allowance proceeds from DEEP to support energy efficiency projects. Since CEFIA has the ability to finance energy efficiency projects as noted by Section 16-245n(a) of the Connecticut General Statutes, and given that CEFIA has demonstrated the ability to leverage $1 of ratepayer funds to attract no less than $5 of non-ratepayer funds, DEEP felt that CEFIA could be allocated RGGI allowance proceeds to finance energy efficiency projects.

2. **<u>Electric Distribution Company Budget of RGGI Allowance Proceeds for 2013-2015</u>** – through Docket No. 12-11-04 "PURA Review of the Connecticut Energy Efficiency Fund's Gas Conservation and Load Management Plan for 2013 through 2015," a revenue budget of $5.0 million a year was proposed – a total of $15.0 million over the three-year budget period (see Table 2).[2]

   Any excess RGGI auction proceeds received by DEEP above the budgeted revenues by the electric distribution companies may be allocated by the Commissioner of DEEP to CEFIA to support energy efficiency programs. It should also be noted that per Section 131 of Bill No. 6706 "any such excess proceeds may be calculated and allocated on a pro rata basis at the conclusion of any auction" – meaning that RGGI allowance proceeds collected by DEEP can be transferred to CEFIA to be used for financing energy efficiency projects.

[2] Page 14 of the 2013 – 2015 Electric and Natural Gas Conservation and Load Management Plan

Table 2. Budgeted Revenues for the RGGI Auction Proceeds by the Electric Distribution Companies from 2013 through 2015 in the Plan Submitted to the Department on November 1, 2012

CL&P/UI C&LM REVENUES ($M)	2013 CL&P/UI Total	2013 CL&P/UI %	2014 CL&P/UI Total	2014 CL&P/UI %	2015 CL&P/UI Total	2015 CL&P/UI %
Collections (Mill Rate)	$82.5	42%	$82.9	34%	$83.0	28%
ISO-NE Other Demand Resources (ODRs)	$7.9	4%	$10.3	4%	$11.8	4%
ISO-NE Forward Capacity Market Demand Response Revenues	$3.4	2%	$3.2	1%	$3.0	1%
Class III Renewable Energy Credits	$2.7	1%	$2.5	1%	$2.4	1%
RGGI	$5.0	3%	$5.0	2%	$5.0	2%
CAM (Net of Gross Receipts Tax)	$95.5	49%	$102.0	41%	$102.4	34%
Other Revenues (Increase to CAM for Increased Savings)	$0.0	0%	$46.7	19%	$91.5	31%
Lost Revenues	($1.5)	(1%)	($6.5)	(3%)	$0.0	-
Total C&LM Revenues	**$195.4**	100%	**$246.1**	100%	**$299.1**	100%

3. **RGGI Allowance Proceeds Actuals and Projected for 2013-2015**

Through the first two auctions held in 2013, RGGI allowance proceeds received by DEEP for energy efficiency are well ahead of the utility budget revenue projections in excess of $4.7 million (see Table 3).[3]

Table 3. RGGI Auction Proceeds for Energy Efficiency - Utility Budgeted and DEEP Received ($ millions)

	2013
Utility Revenue Budget	$5.0
Auction Proceeds for Energy Efficiency	$9.7
Annual Surplus/(Deficit)	**$4.7**

There are four (4) RGGI auctions held each year – once a quarter starting in March and ending in December. The September and December RGGI auctions are expected to generate additional proceeds to DEEP that can be allocated to CEFIA for financing energy efficiency projects. CEFIA anticipates that the Commissioner of DEEP will allocate a portion of the RGGI auction proceeds to CEFIA to be used to finance energy efficiency projects and begin to restore the FY 2014 and FY 2015 transfers to the General Fund.

It should be noted that DEEP is currently pursuing changes to the RGGI regulations that would reduce the carbon cap in 2014 and result in an increase in the price of allowances. These changes, if approved by the Regulatory Review Committee, are estimated[4] to increase auction proceeds that would be made available to support renewable energy and energy efficiency deployment in Connecticut (see Table 4).

CEFIA is working with DEEP in drafting the RGGI regulations that deal with the *mechanism* to allow auction proceeds to go from DEEP to CEFIA for the financing of energy efficiency projects and the *timing* of those transfers. CEFIA will also be working with DEEP to assist them in advancing the RGGI regulation through the approval process. Given that every $1 spent by CEFIA attracts at least $5 of non-RGGI and non-

[3] The March 2013 and June 2013 RGGI auctions provided $4.2 million and $5.5 million respectively to CL&P and UI to support energy efficiency programs.
[4] A number of cases have been run by IPM modelers projecting auction proceeds based on the reduction in the carbon cap and an increase in the allowance price.

ratepayer resources, CEFIA expects that its investments in financing projects through C-PACE will scale-up the deployment of energy efficiency for commercial and industrial customers thereby helping them reduce their operating expenses from energy and improve their competitiveness as businesses.

Table 4. Projected RGGI Allowance Proceeds for Renewable Energy and Energy Efficiency in Connecticut 2013 through 2015 ($ millions)

	2013	2014	2015
Projected Proceeds ($ 000,000's)	$19.2	$31.8	$29.1
Renewable Energy (23.0%)	$4.4	$7.3	$6.7
Energy Efficiency (69.5%)	$13.4	$22.1	$20.2
DEEP Retention (7.5%)	$1.4	$2.4	$2.2

Between the reduction of the FY 2015 transfer from CEFIA to the General Fund by $5.0 million to $19.2 million instead of $24.2 million, the budget impact on CEFIA was mitigated. With the increase in RGGI allowance proceeds for energy efficiency to be above and beyond the budgeted revenues of the utilities of $5 million a year in their 3-year plan, CEFIA expects to be fully restored for its FY 2014 and FY 2015 transfers to the General Fund.

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CLEAN ENERGY
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APPENDIX A: TRANSITION AND CLOSEOUT STATUS OF CEFIA TECHNOLOGY INNOVATION PROGRAMS AS OF 7-14-2013

OP DEMO AND ALPHA PROGRAM PIPELINE

OPERATIONAL DEMONSTRATION PROGRAM

New England Hydropower Company (NEHC) – Small hydropower technology (Archimedes Screw)
Op Demo contract executed and under CI management.

RPM Sustainable Technologies, Inc. – Continuous process for converting fats, oils and grease (FOG) to biofuel
Op Demo contract executed and under CI management.

Fuel Cell Energy – Electrochemical hydrogen separation technology
Op Demo proposal not recommended for funding.

Owl Power Company – System converts waste cooking oil to combined heat and power on-site
Op Demo proposal not recommended for funding.

ALPHA PROGRAM

Anchor Science – Nanotechnology for thermal management in electronic devices
Op Demo contract executed and under CI management.

Apollo Solar – Solar-PV inverter and backup power solution
Op Demo contract executed and under CI management.

LEGACY INVESTMENTS

LiteTrough – Solar thermal system based on parabolic trough design
Op Demo project completed and closed out.

Mechasys – Small hydropower technology
Mechasys is in process of a receiving funding from a private investor, enabling completion of development and installation of a 500KW hydropower plant at Mansfield Hollow. Once financing is in place, project will be transferred to CI for annual financial tracking.

Avalence – Hydrogen filling station employing electrochemical hydrogen separation technology
Avalence is in financial distress, with a pending buyout/ investment underway. The open Op Demo project is about 80% complete. CEFIA will hold this investment until an appropriate course of action becomes clear.

Optiwind – Wind turbine technology
Bankruptcy proceedings have been completed under CI management.

Tallon Lumber – Biomass gassification technology
Non-functioning plant and equipment is being auctioned and decommissioned. A winning bidder has been notified based on the process set forth in the request for bid quotations announced by CEFIA on 5/16/2013. Full decommissioning and closeout is targeted for end of July, but will be completed by end of August at the latest.

TECHNOLOGY ASSESSMENTS

Fuel Cell Monitoring
Project closed out.

Small Wind Monitoring
Project is closed out.

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CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

STATEMENT

June 21, 2013

STATEMENT OF BRYAN GARCIA—PRESIDENT, CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY (CEFIA)—REGARDING THE CLOSEOUT AND TRANSITION OF CEFIA'S EARLY-STAGE TECHNOLOGY INVESTMENT PROGRAMS TO SUSTAIN FOCUS ON DRIVING DEPLOYMENT OF COMMERCIALLY MATURE CLEAN ENERGY TECHNOLOGIES IN CONNECTICUT

CEFIA, Connecticut's *Green Bank*, has recently completed the phase out and transition of its early-stage technology investment programs to Connecticut Innovations (CI). CI is the state's venture capital fund and bank; its core mission is to finance and support Connecticut's innovative and growing companies.

The transition has involved an orderly phase out of the Technology Innovation programs established by CEFIA's predecessor, the Connecticut Clean Energy fund. It has included the dissolution of the Technology Innovation Committee, the CEFIA governing structure overseeing these programs, and the transfer of investments made under the Operational Demonstration and Alpha Programs to CI for ongoing management. These transitions enable CEFIA to better focus on its core mission of driving scaled deployment of clean energy technologies in Connecticut, which is strongly based on a project finance model and is focused on attracting private capital to invest in Connecticut's clean energy goals.

The CEFIA Board of Directors and staff clearly understand the importance of supporting early-stage technology innovation in Connecticut, as this arena provides future economic growth and vitality in the state's clean energy sector. Given their importance and unique needs, companies that are commercializing early-stage clean energy technologies will be more effectively supported by CI, which has an array of services designed to support early-stage ventures, including equity, debt, strategic guidance and specialty programs such as grants to support internship programs. To further its mission of helping fuel the growth of innovative companies in Connecticut, CI collaborates with numerous public and private entities that support technology innovation. CI's partners include UCONN, Yale and other R&D institutions, the Connecticut Center for Advanced Technology (CCAT), CTNEXT, Connecticut banks, and various venture capital and angel investors, to name a few.

About CI

Connecticut Innovations is the leading source of financing and ongoing support for Connecticut's innovative, growing companies**.** To maximize each business' growth potential, CI tailors solutions that often combine our funds with resources from other financial leaders to provide venture capital and strategic support for early-stage technology companies; flexible loans for established companies with new innovations; grants that support innovation and collaboration, and connections to our well-established network of partners and professionals. Through these initiatives, CI's expert staff has helped bring $4 billion in financing to Connecticut companies. CI is the state's most active early stage investor and has helped create more than 26,000 jobs. For more information, please visit www.ctinnovations.com**.**

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 promote, develop and invest in clean energy and energy efficiency projects in order to strengthen Connecticut's economy, protect community health, improve the environment, and promote a secure energy supply for the state. 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. For more information about CEFIA, please visit www.ctcleanenergy.com.

Connecticut Innovations

HELPING YOU

TAKE ADVANTAGE OF TODAY'S

MOST PROMISING OPPORTUNITIES

When you equip people with the financial and strategic support they need to strengthen and grow their business, you all but guarantee their success. We know, because we've been supporting startups and established companies alike for more than two decades.

Whether you're working at a large company, a fledgling operation, or are toying with the barest seed of an idea—or you lend to or invest in companies, we have the experience and resources you need to achieve your goals.

- **Financing from $25,000 to $5 million**
- **Equity, debt and bond financing**
- **Strategic guidance and more**

DEBT FINANCING

EQUITY AND RISK CAPITAL INVESTMENTS

BUSINESS CONNECTIONS, COUNSELING & SUPPORT

DEBT FINANCING

Direct Loans. Enhance your capital base with a direct loan from CI. Qualified businesses can receive up to $5 million; loans are provided as a component of an existing and/or proposed bank loan.

Loan Guarantee Program. With CI's guaranteed bank loans, lenders can say yes to borrowers who have insufficient collateral or inconsistent earnings. We cover losses up to 40% of the principal balance.

Participation Loans. CI's participation loans help commercial lenders expand their ability to meet borrowers' needs. (CI will share up to 50% of the total project cost with your bank.)

URBANK Capital Access Program. URBANK helps small and entrepreneurial businesses get the financing they need. For commercial lenders, the program provides first loss protection on loans up to $500,000, giving you the tools you need to retain or expand existing relationships—or make new ones.

Information Technology Financing. When businesses need to upgrade or install IT systems, they turn to CI for tax incremental financing of up to $10 million. (Projects can also be financed through CI direct, guaranteed and participating loan programs.)

Brownfields Redevelopment Financing. Give contaminated commercial and industrial sites a fresh start with tax incremental financing of up to $10 million.

EQUITY AND RISK CAPITAL INVESTMENTS

Eli Whitney Fund. For early-stage technology companies, our flagship fund makes initial equity-based investments of up to $1 million and continues to support the company as it grows. To help ensure success, our experienced deal team provides ongoing strategic support.

TechStart Fund. Spurring technology innovation and business formation is the goal behind this fund, which provides $25,000 in capital, mentor support and other resources to promising startup teams.

Pre-Seed Fund. Entrepreneurs who are growing early-stage, high-tech companies can receive loans of up to $150,000 to obtain the resources they need to grow. Requires a 50% match from private sources.

Seed Investment Fund. For entrepreneurs who are building Connecticut-based emerging technology companies, this fund provides initial investments of up to $1 million structured as equity (preferred stock) or convertible debt. (For companies at the pre-Series A stage of development.)

Venture & Mezzanine Debt Fund. Growth-stage technology companies that have an existing product and are well positioned to increase revenue and add jobs can obtain capital for expansion from $300,000 to $2 million.

BioScience Facilities Fund. Provides debt or equity financing to emerging bioscience companies looking to build out wet laboratory and related space.

Connecticut Clean Tech Fund. Connecticut-based seed and early-stage clean tech companies that are positioned to address today's critical energy, environmental or resources challenges can receive equity funding of up to $1.5 million.

BUSINESS CONNECTIONS, COUNSELING & SUPPORT

CI's SBI Group helps businesses locate resources; assists in creating collaborative partnerships, and provides business counseling, including strategic evaluation.

SBIR Acceleration & Commercialization. Let CI help you accelerate the commercialization of new technologies. We offer support to help you win federal Small Business Innovation Research grants; we also offer matching grants to winners of SBIR Phase I awards and commercialization loans to winners of SBIR Phase II awards (or other significant federal R&D funding).

Small Business Innovation and Diversification Program. CI can help manufacturers develop innovations that diversify their products or markets with grants of up to $25,000. Companies must provide a dollar-for-dollar match.

Technology Talent Bridge Program. Need tech talent? We provide grants of up to $25,000 to support internship programs.

Connecticut Innovation Challenge. CI's newest program unites the state's small businesses and universities, who work together to solve technology challenges posed by larger businesses. CI awards up to $150,000 to offset costs; the small businesses must match CI's contribution.

Making Connections. Companies have diverse needs for technology products, services and expertise that they are willing to pay for but are not always able to find. SBI can help make these connections.

Go/No Go Assessment. Is your technology idea worth pursuing? CI evaluates competitiveness, intellectual property and marketability to let you know for sure.

Connecticut Innovations

PLEASE CONTACT **CI** AT
860.563.5851 OR
info@ctinnovations.com.

CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY

BYLAWS

PURSUANT TO

Section 16-245n of the

Connecticut General Statutes

Adopted: ~~September 29, 2011~~May 18, 2012

Revised: ~~May 18, 2012~~ June 21, 2013

ARTICLE I
NAME, PLACE OF BUSINESS

1.1. **Name of the Authority**. The name of the Authority shall be, in accordance with the Statute, the "Clean Energy Finance and Investment Authority".

1.2. **Office of the Authority**. The office of the Authority shall be maintained at such place or places within the State of Connecticut as the Board may designate.

ARTICLE II
BOARD OF DIRECTORS

2.1. **Powers**. The powers of the Authority are vested in and exercised by a Board of Directors which may exercise all such authority and powers of the Authority and do all such lawful acts and things as are necessary to carry out the Comprehensive Plan and the purposes of the Authority as provided in the Resolution of Purposes, or as are otherwise authorized or permitted by the Statute or other provisions of the General Statutes, including the authorization of expenditures and use of funds from the Clean Energy Fund created by Section 16-245n(c) of the General Statutes, formerly known as the Renewable Energy Investment Fund, and the Green Connecticut Loan Guaranty Fund created by Section 16a-40f(b) of the General Statutes.

2.2. **Chairperson**. The Chairperson of the Board shall be appointed by the Governor. The Chairperson shall perform the duties imposed by the Statute, these Bylaws, and by resolution of the Board, and shall preside at all meetings of the Board which he or she attends. At each meeting the Chairperson shall submit such recommendations and information as the Chairperson may consider appropriate concerning the business, affairs, and policies of the Authority. The Chairperson shall serve at the pleasure of the Governor but no longer than the term of office of the Governor or until the Chairperson's successor is appointed and qualified, whichever is longer.

2.3. **Vice Chairperson**. The Board shall elect from its members a Vice Chairperson. The Vice Chairperson shall perform the duties imposed by the Statute, these Bylaws, and by resolution of the Board. In the absence or incapacity of the Chairperson, the Vice Chairperson shall perform all the duties and responsibilities of the Chairperson. In the absence or incapacity of the Vice Chairperson, or in case of his or her resignation or death, the Board shall elect its members an acting Vice Chairperson during the time of such absence or incapacity or until such time as the Board shall elect a new Vice Chairperson. The Vice Chairperson shall serve until a successor is elected by the Board.

2.4. **Secretary**. A Secretary may be elected by the Board. The Secretary shall perform the duties imposed by the Statute, these Bylaws, and by resolution of the Board. In the absence or incapacity of the Secretary, or in case of a resignation or death, the Board shall elect from their number an acting Secretary who shall perform the duties of the Secretary during the time of such absence or incapacity or until such time as the Board shall elect a new Secretary. The Secretary shall serve until a successor is elected by the Board.

2.5. **Delegation of Powers**. The Board may, by resolution, delegate to the President or other officers of the Authority such powers of the Authority as they believe are necessary, advisable, or desirable to permit the timely performance of the functions of the Authority and to carry out the plans, policies, procedures, and decisions of the Board, except that such delegation shall not include any duties or responsibilities required by the Statute or these Bylaws to be performed by the Chairperson or the Board or otherwise in conflict with law.

2.6. **Directors**. The Directors shall be appointed and serve as provided in the Statute.

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.

ARTICLE IV
BOARD MEETINGS

4.1. **Regular Meetings**. Regular meetings of the Board or any Committee for the transaction of any lawful business of the Authority shall be held in accordance with a schedule of meetings established by the Board or such Committee, provided that the Board shall meet at least six (6) times per calendar year.

4.2. **Special Meetings**. The Chairperson may, when the Chairperson deems it expedient, call a special meeting of the Board for the purpose of transacting any business designated in the notice of such meeting. The Committee Chair of any Committee may, when the Committee Chair deems it expedient, call a special meeting of such Committee for the purpose of transacting any business designated in the notice of such meeting.

4.3. **Legal Requirements**. All meetings of the Board or any Committee shall be noticed and conducted in accordance with the applicable requirements of the Statute and the Connecticut Freedom of Information Act, including without limitation applicable requirements relating to the filing with the Secretary of the State of any schedule of regular meetings and notices of special meetings, meeting notices to Directors and Committee members, public meeting requirements, the filing and public availability of meeting agenda, the recording of votes and the posting or filing of minutes, the addition of agenda items at any regular meeting, and the holding of any executive session.

4.4. **Order of Business.** The order of business of any meeting of the Board or any Committee shall be as set forth in the agenda for such meeting, provided that the Board or Committee may vary the order of business in its discretion.

4.5. **Organization**.

4.5.1. At each meeting of the Board, the Chairperson, or in the absence of the Chairperson, the Vice Chairperson, or in the absence of both, a Director chosen by a majority of the Directors then present, shall act as Presiding Officer. The Secretary, or a staff member designated by the President, shall prepare or direct the preparation of a record of all business transacted at such meeting. Such record when adopted by the Directors at the next meeting and signed by the Chairperson or the Secretary shall be the official minutes of the meeting.

4.5.2. At each meeting of a Committee, the Committee Chair, or in the absence of the Committee Chair any other Committee member designated by the majority of the Committee members then present, shall act as Presiding Officer. The President, a staff member designated by the President, or any Committee member chosen by the Presiding Officer, shall prepare or direct the preparation of a record of the business transacted at such meeting. Such record when adopted by a majority of the Committee members in attendance at the next meeting and signed by the Committee Chair shall be the official minutes of the Committee meeting.

4.6. **Attendance**. A Director or a member of a Committee may participate in a meeting of the Board or of such Committee by means of teleconference, videoconference, or similar communications equipment enabling all Directors and Committee members participating in the meeting to hear one another, and participation in a meeting pursuant to this Section shall constitute presence in person at such a meeting. Directors or their designees who miss more than three (3) consecutive meetings shall be asked to become more active on the Board. In the event of further absence, the Board may decide by majority vote to recommend to the appointing authority that the appointment be reconsidered.

4.7. **Quorum**.

4.7.1. A majority of the Directors then in office shall constitute a quorum for the transaction of any business or the exercise of any power of the Authority.

4.7.2. A majority of the Director-members of a Committee shall constitute a quorum, provided that, except in the case of an advisory committee, such quorum shall consist of a minimum of three (3) Directors, at least one (1) of which shall not be a State employee.

4.8. **Enactment**. When a quorum is present, an affirmative vote of a majority of Directors in attendance at Board or Committee meetings shall be sufficient for action, including the passage of any resolution, except as may otherwise be required by these Bylaws or applicable law. Non-Director members of any Committee may participate in the Committee’s discussions and deliberations and may join in the Committee’s recommendations to the Board, but shall not have a vote on any matters as to which the Committee is exercising the powers of the Board, including without limitation, any funding decisions.

4.9. **Designation of Substitutes for Directors**. If authorized by the Statute, then a Director may appoint a designee to serve as the Director's representative on the Board with full power to act and to vote on that Director's behalf. For the purposes of maintaining consistency and efficiency in Board matters, alternating attendance between the Director and his or her designee is strongly discouraged. If not authorized by statute, then a Director may not name or act through a designee. An authorized appointment of a designee shall be made by filing with the Board a short bio of the designee, the designee's CV, and a certificate substantially similar to the following:

"Certificate of Designation

I, ____________________________, a member of the Board of Directors of the Clean Energy Finance and Investment Authority, do hereby designate __________________ [Name & Title] to represent me at the meetings of the Board or committees thereof with full powers to act and vote on my behalf. This designation shall be effective until expressly revoked in writing.

____

[Name]"

ARTICLE V
COMMITTEES

5.1. **Delegation Generally**. The Board may delegate any and all things necessary or convenient to carry out the purposes of the Authority to three (3) or more Directors, provided that at least one (1) of which shall not be a State employee, and, to the extent of powers, duties, or functions not by law reserved to the Board, to any officer or employee of the Authority as the Board in its discretion shall deem appropriate.

5.2. **Appointments; Quorum; Transaction of Business; Recordkeeping.**

5.2.1. **Appointments**. The Chairperson shall appoint all Committee Chairs. The Committee Chair need not be a Director on the Deployment Committee~~, the Technology Innovation Committee,~~ any *ad hoc* committee, or an advisory committee.

5.2.2. **Quorum**. If necessary to achieve a quorum at any meeting of a Committee other than an advisory committee, then the Chairperson or the Vice Chairperson may sit, participate, and vote as an alternate member of such committee at such meeting.

5.2.3. **Report of Committee Actions**. Each Committee shall report to the Board on such Committee's actions and activities at the regular Board meeting next following each Committee meeting.

5.2.4. **Recordkeeping**. Committee recordkeeping shall be in accordance with Article IV, Section 4.5.2 hereof.

5.3. **Standing Committees**. The Authority shall have ~~four~~ three (3~~4~~) Standing Committees of the Board consisting of an Audit, Compliance, and Governance Committee, a Budget and Operations Committee, and a Deployment Committee~~, and a Technology Innovation Committee~~. Each Standing Committee may form subcommittees in its discretion, but no such subcommittee shall exercise powers of the Board unless authorized by the Board to do so.

5.3.1. **Audit, Compliance, and Governance Committee**. The Audit, Compliance, and Governance Committee shall consist of no less than three (3) Directors appointed by the Chairperson on a biennial basis, at least one (1) of which shall not be a State employee. The principal functions, responsibilities, and areas of cognizance of the Audit, Compliance, and Governance Committee shall be as follows:

(i) recommendation to the Board as to the selection of auditors; (ii) meetings with the auditors to review the annual audit and formulation of an appropriate report and recommendations to the Board with respect to the approval of the audit report; (iii) review of the audit and compliance findings of the Auditors of Public Accounts, and meetings with the staff auditors there as appropriate; (iv) review with the auditors, President, and senior finance staff of the adequacy of internal accounting policies, procedures and controls; (v) review of the sufficiency of financial and compliance reports required by statute; (vi) recommendation to the Board as to the selection of the Authority's ethics liaison and ethics compliance officer(s); (vii) review of the adequacy of employee education and training on ethics and related legal requirements; (viii) review and approval of, and in its discretion recommendations to the Board regarding, all governance and administrative matters affecting the Authority, including but not limited to matters of corporate governance, corporate governance policies, committee structure and membership, management qualifications and evaluation, and Board and Standing Committee self-evaluation; (ix) oversight of the Authority's legal compliance programs, including but not limited to compliance with state contracting and ethics requirements; (x) management succession planning; (xi) oversight of any Director conflict of interest matters; (xii) as-needed review of any staff recommendations to the Board regarding the Authority's regulatory or policy initiatives including but not limited to the Comprehensive Plan and other clean energy regulatory or policy evidentiary matters before the Public Utilities Regulatory Authority and other state and federal commissions and tribunals that may affect clean energy development and/or the Authority's statutory mandate; (xiii) acting as a resource to the appointing authorities with respect to the identification and recruitment of qualified and interested private sector Director candidates; and (vi) the exercise of such authority as may from time to time be delegated by the Board to the Audit, Compliance, and Governance Committee within its areas of cognizance.

5.3.2. **Budget and Operations Committee**. The Budget and Operations Committee shall consist of no less than three (3) Directors appointed by the Chairperson on a biennial basis, at least one (1) of which shall not be a State employee. Additionally, the Chairperson or the Vice Chairperson shall be a non-voting *ex officio* member of the committee, subject to the provisions of Article V, Section 5.2.2 hereof. The principal functions, responsibilities, and areas of cognizance of the Budget and Operations Committee shall be as follows: (i) to recommend and monitor compliance with prudent fiscal policies, procedures, and practices to assure that the Authority has the financial resources and financial strategy necessary to carry out its statutory responsibilities and mission, including oversight of the Authority's budget process, asset and liability management, asset risk management, insurance and loss prevention, and performance measurement; (ii) recommendation to the Board as to approval of the annual operating budget and plan of operation; (iii) oversight of space planning and office leases, systems, and equipment, and procedures and practices with respect to purchasing; (iv) to recommend and monitor compliance with policies, programs, procedures, and practices to assure optimal organizational development, establishment of policies, programs, procedures and practices to assure optimal organizational development, the recruitment and retention of qualified personnel and the just and fair treatment of all employees of the Authority, including employment policies and practices, employee training, development, evaluation and advancement, employee compensation and benefits, and matters of employee separation and severance; (v) review and approval of the Authority staffing plan as developed by the President; (vi) with respect to reallocation of amounts between approved budget line items in excess of ten thousand dollars ($10,000) but not exceeding seventy-five thousand dollars ($75,000) in total, approval of such reallocation; (vii) with respect to increases to the operating budget or unbudgeted disbursements in amounts in excess of ten thousand ($10,000) but not exceeding seventy-five thousand ($75,000), approval of such increases; and (viii) the exercise of such authority as may from time to time be delegated by the Board to the Budget and Operations Committee within its areas of cognizance.

5.3.3. **Deployment Committee**. The Deployment Committee shall consist of no more than six (6) members total, consisting of no less than three (3) Directors and up to three (3) non-Directors, all appointed by the Chairperson on a biennial basis, and at least one (1) of the Director-members shall not be a State employee. Additionally, the State Treasurer, or her or his designee, shall be a voting *ex officio* member of the committee. Additionally, the Chairperson or the Vice Chairperson shall be a non-voting *ex officio* member of the committee, subject to the provisions of Article V, Section 5.2.2 hereof. The non-Director members of the Deployment Committee shall each have expertise in such areas as: project finance, levelized cost of clean energy, investment banking, commercial lending, tax-exempt or tax-advantaged financing or municipal banking, or clean energy policy. The principal functions, responsibilities, and areas of cognizance of the Deployment Committee shall be as follows: (i) to recommend and monitor compliance with program, project, and investment guidelines, criteria, policies, and practices supporting the Authority's statutory mission and management of such by the Authority's professional staff; (ii) with respect to loans, loan guarantees, loan loss reserves, credit enhancements, debt support programs, debt, debt-like, grants, equity, near-equity, and related measurement and verification studies and evaluation audit funding requests, including but not limited to the On-Site Renewable Distributed Generation Program, the Residential Solar program, the Combined Heat and Power pilot program, the Anaerobic Digestion pilot program, and the Condominium Renewable Energy grant program, between three hundred thousand dollars ($300,000) and two million five hundred thousand dollars ($2,500,000), evaluation and approval of such requests on behalf of the Board so long as such approval is within the Authority's approved Operations and Program Budget; (iii) with respect to loans, loan guarantees, loan loss reserves, credit enhancements, debt support programs, debt, debt-like, grants, equity and near-equity funding requests which exceed two million five hundred thousand dollars ($2,500,000), evaluation of such requests and recommendation to the Board regarding such requests; (iv) oversight of policies and practices relating to the evaluation and recommendation of initial investments, follow-on investments, investment modifications and restructurings, and the sale or other disposition of investments by the Authority's professional investment staff; (v) oversight of policies and practices relating to investment management by the Authority's professional investment staff, including implementation of investment exit strategies; (vi) except to the extent of any investment powers expressly reserved to the Board itself in any resolution of the Board, to approve on behalf of the Board investments, follow-on investments, investment modifications and restructurings, and the sale or other disposition of investments; (vii) to review and recommend to the Board the issuance of bonds, notes or other obligations of the Authority, and upon such approval, to sell, issue and deliver such bonds, notes or obligations on behalf of the Authority; and (viii) the exercise of such other authority as may from time to time be delegated by the Board to the Deployment Committee within its areas of cognizance. ~~Notwithstanding the foregoing, the Deployment Committee shall have no responsibility or authority with respect to funding or investment requests regarding projects or programs within the area of cognizance of the Technology Innovation Committee, as set forth in Article V, Section 5.3.4 hereof.~~

~~5.3.4. **Technology Innovation Committee**. The Technology Innovation Committee shall consist of no more than six (6) members total, consisting of no less than three (3) Directors and up to three (3) non-Directors, all appointed by the Chairperson on a biennial basis, and at least one (1) of the Director-members shall not be a State employee. Additionally, the State Treasurer, or her or his designee, shall be a voting ex officio member of the committee. Additionally, the Chairperson or the Vice Chairperson shall be a non-voting ex officio member of the Committee, subject to the provisions of Article V, Section 5.2.2 hereof. The non-Director members of the Technology Innovation Committee shall each have expertise in areas such as:~~

~~domain technology knowledge, clean technology venture capital, or clean energy entrepreneurial operating experience. The principal functions, responsibilities, and areas of cognizance of the Technology Innovation Committee shall be as follows: (i) with respect to loans, loan guarantees, loan loss reserves, credit enhancements, debt support programs, debt, debt-like, grants, equity, near-equity, and related measurement and verification studies and evaluation audit funding requests below one million five hundred thousand dollars ($1,500,000), evaluation and approval of such requests and investments on behalf of the Board so long as such approval is within the Authority's approved Operations and Program Budget; (ii) with respect to loans, loan guarantees, loan loss reserves, credit enhancements, debt support programs, debt, debt-like, grants, equity, and near-equity funding requests which exceed one million five hundred thousand dollars ($1,500,000), evaluation and recommendation to the Board regarding approval of such requests and investments; (iii) to recommend and monitor compliance with investment guidelines, criteria, policies, and practices supporting the Authority's statutory mission; (iv) oversight of policies and practices relating to the evaluation and recommendation of initial investments, follow-on investments, investment modifications and restructurings, and the sale or other disposition of investments by the Authority's professional investment staff; (v) oversight of policies and practices relating to investment management by the Authority's professional investment staff, including implementation of investment exit strategies; (vi) except to the extent of any investment powers expressly reserved to the Board itself in any resolution of the Board, to approve on behalf of the Board investments, follow-on investments,~~

~~investment modifications and restructurings, and the sale or other disposition of investments; and (vii) the exercise of such authority as may from time to time be delegated by the Board to the Technology Innovation Committee within its areas of cognizance. The projects and programs within the Technology Innovation Committee area of cognizance include but are not limited to pre-alpha projects, alpha projects, operational demonstration projects, equity or near-equity investments in companies, and other emerging technology initiatives.~~

~~5.3.5.~~5.3.4. Additional Standing Committees or *ad hoc* committees of the Board may be formed by the Board at its discretion by resolution setting forth the purposes and responsibilities of such additional Standing Committee or *ad hoc* committee. Each additional Standing Committee or *ad hoc* committee shall have at least three (3) members who are Directors, at least one (1) of which shall not be a State employee.

5.4. **Advisory Committees**.

5.4.1. The Board may form such advisory committees as the Board in its discretion may determine to be appropriate to advise and assist the Board, any Standing Committee of the Board, or management of the Authority in the performance of its statutory responsibilities. Such advisory committees may include as members such individuals as may be knowledgeable in the subject matter whether or not Directors or employees of the Authority.

5.4.2. Members of an advisory committee who are not Directors or employees of the Authority shall be considered "members of an advisory board" for purposes of the Connecticut Code of Ethics for Public Officials.

5.4.3. Public confidence in the recommendations and other actions of an advisory committee requires that advisory committee members avoid both actual conflicts of interest and situations that might give the appearance of a conflict of interest. It is to be expected, however, that many advisory committee members will have outside business or professional interests relating to the Authority's statutory mission. It is not intended that such outside business or professional interests be considered a conflict of interest, provided that an advisory committee member shall not participate in any deliberation or vote, and shall not take any other affirmative action as an advisory committee member, with respect to a matter in which such member has an interest which is in substantial conflict with the proper discharge of the duties and responsibilities of membership on the advisory committee. For this purpose, the determination of whether an advisory committee member has an interest which is in substantial conflict with the duties and responsibilities of membership on the advisory committee shall be made in the same manner as provided in Section 1-85 of the Connecticut General Statutes for conflicting interests of public officials. In addition to disclosures required by law, the existence and nature of any such substantial conflict shall be promptly disclosed to the Committee Chair.

ARTICLE VI
FISCAL YEAR

6.1. **Fiscal Year**. The fiscal year of the Authority shall extend from July 1 through the following June 30 except as the same may be otherwise determined by resolution of the Board.

ARTICLE VII
CONFLICTS OF INTEREST

7.1. Public confidence in the recommendations and other actions of the Board and Committees requires that Directors avoid both actual conflicts of interest and situations that might give the appearance of a conflict of interest. Given the statutory qualifications for membership on the Board, it is to be expected, however, that some Directors will have outside business or professional interests relating to the Authority's statutory mission. It is not intended that such outside business or professional interests be considered a conflict of interest, provided that a Director shall not participate in any deliberation or vote, and shall not take any other affirmative action as a Director or Committee member, with respect to a matter in which such Director has an interest which is in substantial conflict with the proper discharge of the duties and responsibilities of membership on the Board or such Committee. For this purpose, the determination of whether a Director has an interest which is in substantial conflict with the duties and responsibilities of membership on the Board or a Committee shall be made in the manner provided in Section 1-85 of the Connecticut General Statutes for conflicting interests of public officials. The existence and nature of any potential conflict of interest shall be promptly disclosed to the Chairperson (or, in the case of the Chairperson, to the Vice Chairperson) and otherwise as may be required by Section 1-86 of the Connecticut General Statutes.

7.2. With respect to potential conflicts of interest, as defined in Section 1-86(a) of the Connecticut General Statutes and pursuant thereto and pursuant to Section 1-81-30(c) of the Regulations of Connecticut State Agencies, the Member shall either (1) excuse himself or herself from participating in any deliberation or vote on the matter and may not otherwise take any affirmative action on the matter or (2) shall prepare a written statement prepared under penalty of false statement describing the matter requiring action and the nature of the potential conflict and explaining why, despite the potential conflict, such Member is able to vote and otherwise participate fairly, objectively, and in the public interest, and shall deliver a copy of such statement to the Office of State Ethics and shall enter a copy of the statement in the minutes of the Board or committee, as applicable.

7.3. In addition to the steps described in Section 7.1 and 7.2, above, a conflicted or potentially conflicted Director:

7.3.1. is strongly encouraged to leave the room during discussion and vote on the matter at hand; and

7.3.2. shall not participate in such discussion and vote; and

7.3.3. shall not have access to non-public confidential information regarding the matter at hand.

ARTICLE VIII
COMPENSATION

8.1. No Director or Committee member shall at any time receive or be entitled to receive any compensation for the performance of his or her duties as a Director, but may be reimbursed by the Authority for reasonable and necessary expenses incurred in the performance of such duties.

ARTICLE IX
PARLIAMENTARY AUTHORITY

9.1. Robert's Rules of Order, current revised edition, shall govern the proceedings of the Board when not in conflict with these Bylaws.

ARTICLE X
ROLE OF CONNECTICUT INNOVATIONS, INC.

10.1. **For Administrative Purposes Only**. Pursuant to the Statute, the Authority is within Connecticut, Innovations, Incorporated, for administrative purposes only. The relationship between the Authority and Connecticut Innovations, Inc., will be governed by the Statute, Conn. Gen. Stat. § 4-38f as if applicable to the relationship between the Authority and Connecticut Innovations, Incorporated, and other applicable law, and shall be memorialized in a contract for services.

ARTICLE XI
AMENDMENT

11.1. **Amendment or Repeal**. These Bylaws may be amended or repealed or new Bylaws may be adopted by the affirmative vote of a Super Majority of the Directors then in office. The Authority may adopt rules for the conduct of its business, and the adoption of such rules shall not constitute an amendment of these Bylaws.

ARTICLE XII
DEFINITIONS

12.1. **Definitions**. Unless the context shall otherwise require, the following words and terms shall have the following meanings:

12.1.1. "Authority" means the Clean Energy Finance and Investment Authority, as created and existing pursuant to the Statute.

12.1.2. "Board" means the board of directors of the Authority appointed and serving pursuant to the Statute.

12.1.3. "Chairperson" means the Chairperson of the Board appointed pursuant to the Statute.

12.1.4. "Committee" means any committee of or formed by the Board, including any Standing Committee, *ad hoc* committee, or advisory committee.

12.1.5. "Committee Chair" means the Chairperson of a Committee.

12.1.6. "Comprehensive Plan" means the plan developed by the Authority pursuant to section 16-245n(c) of the General Statutes.

12.1.7. "Connecticut Freedom of Information Act" means the Connecticut Freedom of Information Act, Connecticut General Statutes § 1-200 *et seq.*, as amended.

12.1.8. "Director" means a voting member of the Board appointed pursuant to the Statute.

12.1.9. "General Statutes" means the Connecticut General Statutes, as amended.

12.1.10. "Majority", whether capitalized or lowercase, means one more than half.

12.1.11. "President" means the President of the Authority hired by and serving at the pleasure of the Board of Directors of the Authority.

12.1.12. "Presiding Officer" has the meaning attributed to that term in Article IV, Section 4.5 of these Bylaws.

12.1.13. "Resolution of Purposes" means a resolution of the Board adopted pursuant to the penultimate sentence of Section 16-245n(d) of the General Statutes.

12.1.14. "Secretary" means the Secretary of the Board elected pursuant to the Statute and these Bylaws.

12.1.15. "Standing Committee" means a Standing Committee established by these Bylaws or another standing committee appointed by the Board for a specified period of time for the purpose of carrying out one or more functions of the Authority.

12.1.16. "Statute" means Connecticut General Statutes § 16-245n, as amended.

12.1.17. "Super Majority" means two thirds rounded up to the next whole integer.

12.1.18. "Vice Chairperson" means the Vice Chairperson of the Board elected pursuant to these Bylaws.

ARTICLE XIII
AUTHORITY

13.1. These Bylaws are adopted pursuant to the Statute and effective as of May 18, 2012.

Clean Energy Finance and Investment Authority

Financial Analysis

Executive Summary

For the eleven months ended May 31, 2013

Statement of Income and General Operations and Program Expenses

Revenues for the period totaled $30,227,900 compared to a budget of $29,173,700. Utility customer assessments totaled $25,263,300 and were $386,700 (2%) under budget. As of the date of the preparation of the financial statements, May's actual results had not been reported to CEFIA so the budgeted May amounts are reflected in the actuals (see page 7 for a detailed analysis). Storm Sandy had a negative impact on assessments collected, however this negative impact was offset by greater than anticipated RGGI auction results. RGGI auction proceeds from the three auctions to date totaled $2,803,800, and were $1,303,800 over the budgeted amount. March auction proceeds of $1,472,000 signal a significant uptick in activity. June's recently completed auction will result in $1,904,000 being allocated to CEFIA. CEFIA had originally budgeted $500,000 for this auction. Other income of $260,500 included $112,000 in penalty payments from energy resellers as a result of not having met their RPS requirements for 2009 and $100,000 pertaining to the close out of the PPL/Pepperidge Farms fuel cell project

Expenses associated with the general operations of CEFIA totaled $2,584,800 as compared to a budget of $2,855,800 for the period. Generally expenses for operations were in line with budget. Year to date there are no significant variances between actuals and budget. Operating expenses by line item were within $5,000 of the budgeted amount or under budget.

Expenses associated with supporting CEFIA's programs totaled $3,493,400 as compared to a budget of $3,995,000. The favorable variance to budget can be found primarily within compensation and the associated benefits for CEFIA employees supporting these programs. The refinement of new CEFIA programs being developed resulted in positions being filled later than anticipated in the budget. All vacancies have now been filled.

Statement of Assets and CashFlows

Net assets as of May 31, 2013 were $90,317,600, an increase of $9,129,400 from June 30, 2012. Cash balances of $79,135,300 increased $5,921,800 since the beginning of the year. These cash balances are offset by $19,825,400 in program commitments as of May 31st (see page 6 for a detailed analysis of commitments by program), $5,584,000 in Alpha, Op Demo, Campus Efficiency NOW, CPACE and Energy Efficiency financing commitments and restricted asset balances of $8,768,600 for various programs . Both pages 3 and page 4, Statements of Net Assets and Cash Flows,respectively, include current and projected balances through 6/30/2013.

Clean Energy Finance and Investment Authority

Financial Analysis

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For the ten months ended May 31, 2013

Clean Energy Finance and Investment Authority

Comparison of FY 2013 Budget to Actual

Statement of Income and General Operations and Program Expenses

For the eleven months ended May 31, 2013

(000's)

	Actual FY2013 Gen. Ops	Actual FY2013 Programs	Actual FY2013 Total	Budget FY2013 Gen. Ops	Budget FY2013 Programs	Budget FY2013 Total	(Under) Over Budget	%
Income								
Utility customer assessments	$ 25,263.3	$ -	$ 25,263.3	$ 25,650.0	$ -	$ 25,650.0	$ (386.7)	(2%)
RGGI auction proceeds	$ 2,803.8	$ -	$ 2,803.8	$ 1,500.0	$ -	$ 1,500.0	$ 1,303.8	87%
Interest on bank deposits	$ 93.6	$ -	$ 93.6	$ 110.0	$ -	$ 110.0	$ (16.4)	(15%)
Renewable Energy Credits	$ 150.0	$ -	$ 150.0	$ 150.0	$ -	$ 150.0	$ -	
Interest income-Solar Lease Notes,net of fees	$ 99.0	$ -	$ 99.0	$ 137.0	$ -	$ 137.0	$ (38.0)	(28%)
Grant income (LBE,N2N,Sunrise)	$ -	$ 1,557.7	$ 1,557.7	$ -	$ 1,557.7	$ 1,557.7	$ -	0%
Other income	$ 260.5	$ -	$ 260.5	$ 69.0	$ -	$ 69.0	$ 191.5	278%
Total revenues:	$ 28,670.2	$ 1,557.7	$ 30,227.9	$ 27,616.0	$ 1,557.7	$ 29,173.7	$ 1,054.2	4%
Expenses								
Compensation & Benefits:								
-Salaries & Wages-CEFIA employees	$ 1,006.0	$ 1,288.1	$ 2,294.1	$ 1,006.0	$ 1,607.6	$ 2,613.6	$ (319.5)	(12%)
-Salaries & Wages-CI shared services	$ 265.7	$ 2.1	$ 267.8	$ 333.6	$ 14.2	$ 347.8	$ (80.0)	(23%)
-Employee Benefits-CEFIA employees	$ 629.9	$ 882.4	$ 1,512.3	$ 623.7	$ 996.7	$ 1,620.4	$ (108.1)	(7%)
-Employee Benefits-CI shared services	$ 182.9	$ 1.3	$ 184.2	$ 206.8	$ 8.8	$ 215.6	$ (31.4)	(15%)
Consulting and professional fees								
- Legal	$ 19.3	$ 160.2	$ 179.5	$ 32.0	$ 160.2	$ 192.2	$ (12.7)	(7%)
- Consulting fees	$ 56.0	$ 282.4	$ 338.4	$ 78.0	$ 282.4	$ 360.4	$ (22.0)	(6%)
- Project inspection fees	$ -	$ 188.1	$ 188.1	$ -	$ 188.1	$ 188.1	$ (0.0)	(0%)
Marketing/External relations	$ 121.3	$ 347.6	$ 469.0	$ 216.4	$ 347.6	$ 564.0	$ (95.0)	(17%)
EM&V	$ -	$ 70.7	$ 70.7	$ -	$ 70.7	$ 70.7	$ 0.0	
Rent and location related expenses								
-Rent/Utilities/Maintenance	$ 80.4	$ 97.4	$ 177.8	$ 95.0	$ 115.0	$ 210.0	$ (32.2)	(15%)
-Telephone/Communications	$ 17.6	$ 21.3	$ 38.9	$ 22.6	$ 27.4	$ 50.0	$ (11.1)	(22%)
-Depreciation FF&E	$ 29.3	$ 35.5	$ 64.8	$ 34.8	$ 42.2	$ 77.0	$ (12.2)	(16%)
Office, computer & other expenses								
-Office expense/leases	$ 28.9	$ 46.7	$ 75.6	$ 32.6	$ 39.5	$ 72.1	$ 3.5	5%
-Computer operations	$ 17.2	$ 20.8	$ 37.9	$ 25.3	$ 30.7	$ 56.0	$ (18.1)	(32%)
-Training/education/subscriptions	$ 26.8	$ -	$ 26.8	$ 42.0	$ -	$ 42.0	$ (15.2)	(36%)
-Temporary employees	$ 24.3	$ 15.6	$ 39.9	$ 25.0	$ 15.6	$ 40.6	$ (0.7)	(2%)
-Travel,meetings & related expenses	$ 58.8	$ 8.9	$ 67.7	$ 58.0	$ 8.9	$ 66.9	$ 0.8	1%
-Insurance	$ 20.2	$ 24.5	$ 44.7	$ 24.0	$ 29.0	$ 53.0	$ (8.3)	(16%)
Subtotal:	$ 2,584.8	$ 3,493.4	$ 6,078.2	$ 2,855.8	$ 3,984.7	$ 6,840.5	$ (762.3)	(11%)
Grant expenses(LBE/N2N/Sunrise)	$ -	$ 1,201.6	$ 1,201.6	$ -	$ 1,201.6	$ 1,201.6	$ (0.0)	(0%)
Financial Incentives-Grants & Rebates	$ -	$ 4,928.5	$ 4,928.5	$ -	$ 4,038.9	$ 4,038.9	$ 889.6	22%
Interest rate buydown-HDF/CHIF	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Provision for Loan loss -Grid Tied Loan Program	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Provision for Loan loss - Op Demo Loans	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Provision for Loan loss - Alpha Loans	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Provision for Loan Loss - GreenerU	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Provision for Loan Loss - WINN LISC	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Provision for Loan Loss -CPACE Loans	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Provision for Loan Loss - Lease Programs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Provision for Loan Loss -Res. Solar Loans	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Provision for Loan Loss - Res. Smart E Loans	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Provision of Loan Loss - Clean Energy Bus Sol Loans	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Total expenses:	$ 2,584.8	$ 9,623.5	$ 12,208.3	$ 2,855.8	$ 9,225.2	$ 12,081.0	$ 127.3	1%
FY13 revenues over FY13 expenses:			$ 18,019.6			$ 17,092.7	$ 926.9	
Financial Incen.:Grants/Rebates Paid - FY12 Commitments:			$ (8,746.8)					
Revenues over expenses:			$ 9,272.9					

Clean Energy Finance and Investment Authority
Statement of Revenues, Expenses
and Changes in Net Assets
For the eleven months ended May 31, 2013
(000's)

Total Net Assets	**6/30/2012**		$ 81,188.2
FY 2013 expenses over income:			18,019.6
Utility customer assessments	25,263.3		
Interest income	192.6		
RGGI auction proceeds	2,803.8		
Grant income	1,557.7		
Other income	410.5		
		30,227.9	
Compensation	(4,258.4)		
Consulting and professional fees	(517.9)		
Marketing/External relations	(469.0)		
Project Inspection fees	(188.1)		
EM&V	(70.7)		
Rent and location related expenses	(281.5)		
Office, computer & other expenses	(292.6)		
		(6,078.2)	
Provision for Loan Loss - New Programs	-		
Interest Rate Buydowns - New Programs	-		
Residential Solar PV rebates	(4,722.7)		
Anaerobic Digestor Pilot	-		
CHP Pilot	-		
Condo Renewable Energy grants	-		
Maintained Programs	(205.8)		
		(4,928.5)	
NOTE: Subtotal, Recurring Programs		19,221.2	
Clean Energy Business Solutions	-		
Transition & Other	-		
Federal Grants	(1,201.6)		
Loan Loss Reserve - Grid Tied, Op Demo & Alpha Loans	-		
NOTE: Subtotal, Non-Recurring/Special Programs		(1,201.6)	
Expenditures grants and rebates approved prior to FY13			$ (8,746.7)
PROGRAM GOAL 1 PROJECT 150 & PRE DEVELOPMENT PROGRAM	$	(50.00)	
CI&I ON SITE GENERATION PROGRAM - Strategic Investments		-	
CI&I ON SITE GENERATION PROGRAM - COMM. SOLAR		(597.0)	
Residential Solar PV -Pre Sec 106, PA 11-80		(77.3)	
RESIDENTIAL SOLAR PV INVESTMENT PROGRAM (Section 106,PA 11-80)		(1,740.7)	
CI&I On Site Generation - Solar NFP/Govt		(1,214.8)	
CI&I On Site Generation -Fuel Cell		(3,438.0)	
GEO THERMAL,SOLAR THERMAL AND HOT WATER PROJECTS		(1,025.7)	
CI&I ON SITE GENERATION PROGRAM - FEASIBILITY STUDIES		(55.0)	
Operational Demonstration Program		(139.4)	
TECHNOLOGY AND DEVELOPMENT STUDIES		-	
Education & Outreach Programs		(387.4)	
Other		(21.4)	
Other (change in other balance sheet components)			$ (143.5)
Total Net Assets	**5/31/2013**		$ 90,317.6

Clean Energy Finance and Investment Authority

Financial Analysis

For the eleven months ended May 31, 2013

Statement of Net Assets

(000's)

	Actual 6/30/2012	YTD 5/31/2013	Projected 6/30/2013	Budgeted 6/30/2013
Assets				
Current assets				
Cash and cash equivalents (Unrestricted)	$ 64,672.9	$ 70,776.7	$ 55,740.9	$ 33,227.4
Utility receivables	$ 2,580.0	$ 2,211.0	$ 2,200.0	$ 2,200.0
Accounts receivable	$ 725.3	$ 207.3	$ 575.0	$ 750.0
Other current assets	$ 350.3	$ 52.3	$ 200.0	$ 250.0
Total current assets	$ 68,328.5	$ 73,247.2	$ 58,715.9	$ 36,427.4
Noncurrent assets				
Investments				
Promissory notes - solar lease program V1	$ 12,036.6	$ 11,466.6	$ 11,431.0	$ 11,366.4
Loan loss reserve - solar lease program V1	$ (300.9)	$ (285.2)	$ (285.8)	$ (267.4)
Promissory notes - solar lease program V2	$ -	$ -	$ 2,300.0	$ 529.5
Loan loss reserve - solar lease program V2	$ -	$ -	$ (115.0)	$ (24.1)
Promissory notes - solar loan program	$ -	$ -	$ 288.1	$ 545.2
Loan loss reserve - solar loan program	$ -	$ -	$ (14.4)	$ (27.5)
Promissory notes - WIN LISC program	$ -	$ -	$ 125.0	$ 123.8
Loan loss reserve - WIN LISC program	$ -	$ -	$ (12.5)	$ (12.5)
Promissory notes - Campus Efficiency NOW program	$ -	$ -	$ 125.0	$ 976.0
Loan loss reserve - Campus Efficiency NOW program	$ -	$ -	$ (12.5)	$ (100.0)
Promissory notes - Energy Efficiency Loan programs	$ -	$ -	$ -	$ 230.3
Loan loss reserve - Energy Efficiency Loan programs	$ -	$ -	$ -	$ (11.6)
Promissory notes - CPACE program	$ -	$ 86.0	$ 575.0	$ 1,000.0
Loan loss reserve - CPACE program	$ -	$ -	$ (28.8)	$ (100.0)
Promissory notes - Alpha/Op Demo programs	$ -	$ 50.0	$ 50.0	$ 2,450.0
Loan loss reserve - Alpha/Op Demo programs	$ -	$ -	$ -	$ (1,225.0)
Promissory notes - Grid tied program program	$ -	$ 2,625.0	$ 3,800.0	$ 8,000.0
Loan loss reserve - Grid tied program	$ -	$ -	$ (380.0)	$ (800.0)
Promissory notes - Clean Energy Bus Solutions program	$ -	$ -	$ -	$ 2,000.0
Loan loss reserve - Clean Energy Bus Solutions program	$ -	$ -	$ -	$ (200.0)
Equity Investment/Solar Lease program	$ -	$ -	$ 2,700.0	$ -
Equity Investment/CEFIA Holdings, LLC	$ -	$ 99.0	$ 99.0	$ -
Equity/Debt investments (pre FY13)	$ 2,155.5	$ 2,000.0	$ 2,000.0	$ 2,155.5
Investments-REC's	$ 1,324.6	$ 1,324.6	$ 1,450.0	$ 1,450.0
Furniture,Equipment & L/H Improvements	$ 91.3	$ 342.9	$ 342.9	$ 181.4
Cash and cash equivalents (Restricted)	$ 8,540.6	$ 8,358.6	$ 8,358.6	$ 9,395.7
Other Assets (LLR and IRB Advances)(Restricted)	$ -	$ 410.0	$ 410.0	$ -
Total non current assets	$ 23,847.7	$ 26,477.5	$ 33,205.6	$ 37,635.7
Total assets	$ 92,176.2	$ 99,724.7	$ 91,921.5	$ 74,063.1

Clean Energy Finance and Investment Authority

Financial Analysis

For the eleven months ended May 31, 2013

Statement of Net Assets

(000's)

	Actual 6/30/2012	YTD 5/31/2013	Projected 6/30/2013	Budgeted 6/30/2013
Liabilities and Net Assets				
Liabilities:				
Accounts&Grants payable and accrued expenses	$ 2,624.9	$ 638.5	$ 2,500.0	$ 2,500.0
Custodial Acct - DEEP-WB Furnance Prg	$ -	$ 360.0	$ 360.0	$ -
Custodial Acct - Tremaine Foundation	$ -	$ 33.0	$ 33.00	$ -
Custodial Acct - CE Financing Prg.-ARRA-SEP	$ 8,363.1	$ 7,384.3	$ 7,384.3	$ 8,113.7
Custodial Acct. LLR -ARRA-SEP-EE Loans	$ -	$ 181.3	$ 181.3	$ -
Custodial Acct. LLR -ARRA-SEP-HDF Cozy Loans	$ -	$ 360.0	$ 360.0	$ -
Custodial Acct. IRB -ARRA-SEP-HDF Cozy Loans	$ -	$ 50.0	$ 50.0	$ -
Custodial Acct. IRB -ARRA-SEP-EE Loans	$ -	$ 400.0	$ 400.0	$ -
Total libilities	$ 10,988.0	$ 9,407.1	$ 11,268.6	$ 10,613.7
Net Assets:				
Investment in capital assets	$ 91.3	$ 342.9	$ 342.9	$ 181.4
Restricted net assets	$ 8,540.7	$ 8,768.6	$ 8,768.6	$ 9,395.7
Unrestricted net assets	$ 72,556.2	$ 81,206.1	$ 71,541.4	$ 53,872.3
Total Net Assets	$ 81,188.2	$ 90,317.6	$ 80,652.9	$ 63,449.4
Total Liabilities and Net Assets	$ 92,176.1	$ 99,724.7	$ 91,921.5	$ 74,063.1

Reconciliation of Restricted Assets to Custodial Accounts:

Cash and cash equivalents (Restricted)	$ 8,358.6
Other Assets (LLR and IRB Advances)(Restricted)	$ 410.0
	$ 8,768.6
Custodial Acct - DEEP-WB Furnance Prg	$ 360.0
Custodial Acct - Tremaine Foundation	$ 33.0
Custodial Acct - CE Financing Prg.-ARRA-SEP	$ 7,384.3
Custodial Acct. LLR -ARRA-SEP-EE Loans	$ 181.3
Custodial Acct. LLR -ARRA-SEP-HDF Cozy Loans	$ 360.0
Custodial Acct. IRB -ARRA-SEP-HDF Cozy Loans	$ 50.0
Custodial Acct. IRB -ARRA-SEP-EE Loans	$ 400.0
	$ 8,768.6

Clean Energy Finance and Investment Authority

Statement of Cash Flows

As of May 31, 2013

(000's)

	Actual as of 5/31/2013	(Projected) (1 Month) June	(Projected) Fiscal Year 6/30/2013	(Budgeted) Fiscal Year 6/30/2013
Cash flows from operating activities				
CASH IN:				
Proceeds from utility customer assessments	25,633.2	2,454.9	$ 28,088.1	$ 28,000.0
Proceeds from RGGI auctions	3,529.1	1,940.0	$ 5,469.1	$ 2,000.0
Proceeds from grants	1,994.2	60.0	$ 2,054.2	$ 2,156.5
Proceeds from RECs/other income	286.9	20.0	$ 306.9	$ 125.0
Proceeds from Interest on deposits,investments, solar lease notes	214.4	25.0	$ 239.4	$ 270.0
CASH OUT:				
Expenditures General and Program Administration	(6,040.2)	(2,000.0)	$ (8,040.2)	$ (9,625.2)
Expenditures third party grants (LBE,N2N,Sunrise)	(1,365.5)	(326.4)	$ (1,691.9)	$ (1,707.0)
Expenditures grants and rebates approved prior to FY13	(8,619.4)	(5,030.0)	$ (13,649.4)	$ (17,912.1)
Expenditures grants and rebates -other programs	(6,911.0)	(4,790.5)	$ (11,701.5)	$ (15,151.5)
Expenditures residential solar lease PV program- rebates	-	-	$ -	$ (2,197.1)
Expenditures residentail solar loan program-rebates	-	-	$ -	$ (932.4)
Expenditures-Credit Enhancement LLR	(360.0)	-	$ (360.0)	$ -
Expenditures-Credit Enhancement IRB	(50.0)	-	$ (50.0)	$ (250.0)
Net cash used by operating activities	$ 8,311.6	$ (7,647.0)	$ 664.6	$ (15,223.8)
Cash flows from investing activities				
LOAN RECOVERY				
Return of principal on solar lease V1 promissory notes	607.2	56.0	$ 663.2	$ 670.0
Proceeds from residential solar loan program	-	-	$ -	$ 5.5
Proceeds from WINN LISC program	-	-	$ -	$ 1.2
Proceeds from GreenerU program	-	-	$ -	$ 24.0
Proceeds from EEloan program	-	-	$ -	$ 2.3
	607.2	56.0	663.2	703.0
LOAN DISBURSEMENTS				
Residential solar lease PV program	-	(1,700.0)	$ (1,700.0)	$ (395.5)
Residential solar lease SHW program	-	(250.0)	$ (250.0)	$ (29.0)
Commercial solar lease (MUSH) program	-	(350.0)	$ (350.0)	$ (105.0)
Residential solar loan program	-	(288.1)	$ (288.1)	$ (550.6)
WINN LISC program	-	(125.0)	$ (125.0)	$ (125.0)
Campus Efficiency NOW program	-	(125.0)	$ (125.0)	$ (1,000.0)
Energy Efficiency Loan programs	-	(232.6)	$ (232.6)	$ (232.6)
CPACE program	(86.0)	(489.0)	$ (575.0)	$ (1,000.0)
Grid tied program	(2,625.0)	(1,175.0)	$ (3,800.0)	$ (8,000.0)
Op Demo program	(50.0)	-	$ (50.0)	$ (2,000.0)
Alpha program	-	-	$ -	$ (450.0)
Clean Energy Business Solutions	-	-	$ -	$ (2,000.0)
	(2,761.0)	(4,734.7)	(7,495.7)	(15,887.7)
EQUITY INVESTMENTS				
Commercial solar lease (MUSH) program	-	(400.0)	(400.0)	-
Residential solar lease SHW program	-	-	-	-
Residential solar lease PV program	-	(2,300.0)	(2,300.0)	-
	-	(2,700.0)	(2,700.0)	-
Net cash used by investing activities	$ (2,153.8)	$ (7,378.7)	$ (9,532.5)	$ (15,184.7)
Cash flows from capital activities				
Purchase of furniture,equipment & software	(236.1)	(10.0)	$ (246.1)	$ (182.0)
Net cash used in operating,investing and capital activities	5,921.7	(15,035.7)	$ (9,114.0)	$ (30,590.5)
Cash and cash equiv., Beginning of Period	73,213.5	79,135.2	$ 73,213.5	$ 73,213.5
Cash and cash equiv., End of Period	$ 79,135.2	$ 64,099.5	$ 64,099.5	$ 42,623.0
UNRESTRICTED CASH:	$ 70,776.6	$ 55,740.9	$ 55,740.9	$ 33,227.3
RESTRICTED CASH FEDERAL FUNDS FOR ARRA SEP:	$ 8,358.6	$ 8,358.6	$ 8,358.6	$ 9,395.7
	$ 79,135.2	$ 64,099.5	$ 64,099.5	$ 42,623.0

Clean Energy Finance and Investment Authority
Statement of Program Investments
As of May 31, 2013
(000's)

Loan/Investment Date	Loan No.	Issuer	Project	Approved Commitment	Investment/ Advances to date	Reserve	Current Valuation	Interest Rate	Termination/ Maturity Date	Notes
Alpha Program										
8/28/2012	13-50100-2	Anchor Science, LLC	Development of nanomaterial for thermal energy management in electronics.	$ 150	$ -	$ -	$ -	6% or Prime +1%	8/28/2022	Non Recourse Loan. Repayment based on commercial success of technology or liquidation event.. 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 or lump sum payment)
8/9/2012	13-50100-1	Apollo Solar, Inc.	Development of solar smart grid inverter.	$ 150	$ -	$ -	$ -	6% or Prime +1%	8/9/2022	Non Recourse Loan. Repayment based on commercial success of technology or liquidation event.. 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 or lump sum payment)
CPACE Construction Loan Program										
TBD	CPACE-001	542 Westport Ave.,Norwalk	Construction Loan to implement a variety of energy efficient lighting measures.	$ 172	$ 86	$ -	$ 86	5%	TDB	Upon project completion, CEFIA will either retain a 100% ownership of the construction loan via conversion to a term loan (envisioned tobe 13 years a a 5% interest rate or sell the loan off partiallyor in total to a provate capital provider. C-PACE assessment through the City of Norwalk will provide security.
Secured Term Loans										
3/5/2013	FCE-001	Fuel Cell Energy, Inc.	Development of Bridgeport Fuel Cell Park	$ 5,873	$ 2,625	$ -	$ 2,625	5%	The earlier of 144 months after Provisional Accrptance Date or 3/31/2026	
Energy Efficiency Financing										
9/13/2012	GU-001	Greener U/Campus Efficiency Now	Energy efficiency financing to Colleges and Universities in the CT Conference of Independent Colleges	$ 1,000	$ -	$ -	$ -	IRR of 7%	TBD Project by Project	College/University will enter into a service agreeement with Campus Efficiency, LLC to provide energy efficiency improvements. CEFIA will assist the colleges/university with its financial obligation under the agreement. CEFIA wil earn an IRR of 7% on its advances.
Pre Development Program (1)										
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 I	$ 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 I	$ 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.	Prospect Wind - Phase 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.

Clean Energy Finance and Investment Authority
Statement of Program Investments
As of May 31, 2013
(000's)

Loan/Investment Date	Loan No.	Issuer	Project	Approved Commitment	Investment/ Advances to date	Reserve	Current Valuation	Interest Rate	Termination/ Maturity Date	Notes
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)
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.
TBD	ODP-005	New England Hydropower Co.,LLC	Demonstration of commercial viability of company's small hydropower technology.	$ 500	$ 50	$ -	$ 50.00	TBD	TBD	Project approved by CEFIA Technology Innovations Committee on January 8, 2013. Loan documents are being drafted.
TDB	ODP-006	RPM Sustainable Technologies, Inc.	Innovative processing equipment for biofuels production.	$ 500	$ -	$ -	$ -	TBD	TBD	Project approved by CEFIA Technology Innovations Committee on January 8, 2013. Loan documents are being drafted.
Other Investments										
		Company	**Security**							
3/27/2002		Acumentrics Corporation	Series B Preferred Stock		$ 4,000	$ (2,000)	$ 2,000			Fuel Cell Technology
					$ 6,170	$ (4,120)	$ 4,761			

(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
Statement of Incentives, Grants and Rebates
As of May 31, 2013
(000's)

Program		FY12 Programs Commitments Outstanding 6/30/2012		Fundings YTD FY13		Withdrawn		Commitments Outstanding 05/31/2013
Project 150	$	7,224	$	(50.0)	$	(5,674)	$	1,500
Pre Development Loans	$	263	$	-	$	(263)	$	-
Strategic Investments	$	35	$	-	$	(35)	$	-
Commercial Solar (for profit)	$	2,255	$	(597.0)	$	-	$	1,658
Commercial Solar (not for profit/government)	$	3,997	$	(1,214.8)	$	-	$	2,782
Fuel Cell program	$	5,870	$	(3,438.0)	$	-	$	2,432
CI&I On Site Generation -Feasibility Studies	$	211	$	(55.1)	$	(28)	$	129
Residential Solar PV Program (pre Solar PV Investment Program)	$	99	$	(77.3)	$	-	$	22
Residential Solar PV Investment Program	$	2,127	$	(1,740.7)	$	(252)	$	135
Solar Thermal & Geothermal Programs	$	1,132	$	(761.5)	$	(34)	$	336
Solar Hot Water Programs	$	2,253	$	(264.2)	$	-	$	1,989
Operational Demonstration & Alpha Programs	$	948	$	(139.4)	$	(446)	$	363
Education & Outreach Programs	$	694	$	(387.4)	$	-	$	307
FY11-FY12 CP Goal 4: advocacy & public policy support	$	102	$	(21.4)	$	-	$	80
	$	27,211	$	(8,746.8)	$	(6,732)	$	11,733

Program		FY 13 Programs FY13 Budget		FY13 Commitments		Fundings YTD FY13		Withdrawn		Commitments Outstanding 05/31/2013
Transition										
Education & Training Programs	$	400.0	$	395.0	$	(31.6)	$	-	$	363.4
Maintain										
Clean Energy Communities	$	650.0	$	72.2	$	(37.3)	$	-	$	34.9
Community Innovation Grants	$	200.0	$	7.0	$	(7.0)	$	-	$	-
Project Opportunities Fund	$	500.0	$	-	$	-	$	-	$	-
Strategic Investment Fund	$	100.0	$	-	$	-	$	-	$	-
Alpha Program	$	100.0	$	100.0	$	(90.0)	$	-	$	10.0
Statutory										
Residential Solar PV Investment Program (Non PBI)	$	9,333.0	$	7,655.6	$	(4,720.8)	$	-	$	2,934.8
Residential Solar PV Investment Program (FY13 PBI - to be paid out in current & future years)	$	-	$	3,944.1	$	(0.4)	$	-	$	3,943.7
Residential Solar PV Investment Program (FY12 PBI - to be paid out in current & future years)	$	-	$	802.7	$	(1.5)	$	-	$	801.2
Anaerobic Digestor Pilot	$	2,000.0	$	-	$	-	$	-	$	-
CHP Pilot	$	2,000.0	$	4.5	$	-	$	-	$	4.5
Condo Renewable Energy Grants	$	50.0	$	-	$	-	$	-	$	-
Commercial & Industrial										
Clean Energy Business Solutions	$	2,500.0	$	-	$	-	$	-	$	-
Federal Grants - InKind payments										
Sun Rise New England	$	48.0	$	40.0	$	(40.0)	$	-	$	-
	$	17,881.0	$	13,021.1	$	(4,928.5)	$	-	$	8,092.6
					$	(13,675.3)			$	19,825.4

Clean Energy Finance and Investment Authority
Financial Analysis
Utility Customer Assessment Analysis
For the eleven months ended May 31, 2013
(000's)

		FY 13 Actual		FY13 Budget		(Under) Over FY 12	
July	$	2,709.4	$	2,700.0	$	9.4	
August	$	2,815.0	$	2,825.0	$	(10.0)	
September	$	2,457.0	$	2,500.0	$	(43.0)	
October	$	1,994.0	$	2,200.0	$	(206.0)	
November	$	2,028.4	$	2,100.0	$	(71.6)	
December	$	2,240.2	$	2,375.0	$	(134.8)	
January	$	2,419.7	$	2,400.0	$	19.7	
February	$	2,421.0	$	2,300.0	$	121.0	
March	$	2,199.2	$	2,200.0	$	(0.8)	
April	$	2,179.4	$	2,250.0	$	(70.6)	
May	$	1,800.0	$	1,800.0	$	-	A
June	$	-	$	-	$	-	
Total assessments:	$	25,263.3	$	25,650.0	$	(386.7)	
						-1.5%	

A. Data on actual activity had not been received from the utility companies as of the date this report was prepared. Current month actual results will be reflected in next month's financial report.

Clean Energy Finance and Investment Authority
Financial Analysis
Loan Loss and Interest Rate Buydown Reserve Analysis
For the eleven months ended May 31, 2013
(000's)

Loan Loss Reserve

Institution	Loan Portfolio Balance	Loan Loss Reserve	LLR Funding Source
Energy Efficiency Loan Programs			
Core Plus FCU	$ -	$ 22.5	ARRA Funds
Eastern Savings Bank	$ -	$ 22.5	ARRA Funds
Naugatuck Savings Bank	$ -	$ 22.5	ARRA Funds
Nutmeg State FCU	$ -	$ 22.5	ARRA Funds
Patriot National Bank	$ -	$ 68.8	ARRA Funds
Thomaston Savings Bank	$ -	$ 22.5	ARRA Funds
Sub total Energy Efficiency Loan Program:	$ -	$ 181.3	
Cozy loan Program			
The Housing development Fund	$ -	$ 360.0	ARRA Funds
Sub total Cozy Loan Program:	$ -	$ 360.0	
Total - All Programs:	$ -	$ 541.3	

Interest Rate Buydown Reserve

Institution	IRB Reserved	Reserve Disbursements	LLR Funding Source
Energy Efficiency Loan Programs			
Core Plus FCU	$ 200.0	$ -	ARRA Funds
Patriot National Bank	$ 200.0	$ -	ARRA Funds
Sub total Energy Efficiency Loan Program:	$ 400.0	$ -	
Cozy loan Program			
The Housing development Fund	$ 50.0	$ -	ARRA Funds
Sub total Cozy Loan Program:	$ 50.0	$ -	
Total - All Programs:	$ 450.0	$ -	

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CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

Memo

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

From: Mackey Dykes (Chief of Staff), Bryan Garcia (President and CEO), David Goldberg (Director of Government and External Relations), Kim Stevenson (Associate Director of Technology Innovation), Bob Wall (Associate Director of Outreach)

Cc Jessica Bailey (Director of C-PACE), Andy Brydges (Director of Institutional Programs), Dale Hedman (Director of Statutory and Infrastructure Programs), Bert Hunter (EVP and CIO), and Kerry O'Neill (Director of Residential Programs)

Date: May 30, 2013

Re: Transition Programs and Marketing and Outreach Programs – Phase-Outs and Revisions

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Overview
The Comprehensive Plan ("the Plan") of the Clean Energy Finance and Investment Authority ("CEFIA") refocuses the organization on its new "green bank" mission to attract and deploy capital to finance the clean energy goals of Connecticut. Prior to the approval of the Comprehensive Plan by the Board of Directors in March of 2012 and subsequently the budget to implement the Plan in September of 2012, the Connecticut Clean Energy Fund ("CCEF") had been implementing thirty-seven (37) programs and initiatives. Upon approval of the Plan, CEFIA would revise and continue only four (4) of the CCEF outreach programs and focus all of its efforts on developing and implementing financing programs. This memo provides an overview of the programs that were transitioned away from CEFIA as well as revisions to the outreach programs to support CEFIA's new focus on financing.

There were a number of programs in transition during FY 2013, including:

- On-Site Distributed Generation Program
- Alpha Program
- Operational Demonstration Program
- Clean Tech Fund
- Technology and Resource Assessment Program
- Workforce Development Program
- Formal Education Program

As a result of transitions made in FY 2013, CEFIA is no longer implementing any of these programs.

Within the Plan, there were also several marketing and outreach programs that have been revised and refocused to support the new mission of CEFIA, including:

- Clean Energy Communities Program
- Community Innovation Grants Program
- Neighbor to Neighbor Energy Challenge
- Sun Rise New England – Open for Business

Two of these programs were funded by $4.7 million of federal grants competed for and won by CEFIA that have concluded or are in the process of concluding.[1] The remaining outreach programs have been revised to advance the new financing mission of CEFIA.

Transition Programs

The following is a breakdown of the status of the seven (7) programs in transition through FY 2013:

- **On-Site Distributed Generation Program** – to support the market transition from subsidies offered by the CCEF to a competitive reverse auction led by the utilities and PURA through the ZREC and LREC programs, CEFIA released several RFPs with $8 million in available funding in the summer of 2012 to support the deployment of solar PV and fuel cell technologies on commercial and industrial buildings. In 2012, the Deployment Committee approved $4,168,589 of subsidies in 19 solar PV projects of 2.14 MW and $1,506,645 of subsidies in 2 fuel cell projects of 1 MW.

  Status – Closed (of the $8 million FY 2013 budget, $2,324,766 was returned to the CEFIA budget by the Deployment Committee)

- **Alpha Program** – to support technologies beyond the stage of research and development, which require further testing in a laboratory or simulated environment, $1.2 million was made available through a competitive RFP process. The Technology Innovation Committee reviewed four (4) finalist projects in June of 2012. Two of the four finalists received funding approval from the CEFIA Technology Innovation Committee – Anchor Science and Apollo Solar. Both moved forward and received $200,000 of support from CEFIA – $50,000 grant and $150,000 loan. The management of these projects is now under Connecticut Innovations (CI) in accordance with the agreement codified in *Supplement One to the MOU between CI and CEFIA* dated June 26, 2012.

  Status – Closed (of the $1.2 million FY 2013 budget, $800,000 was returned to the CEFIA budget by the Technology Innovation Committee)

- **Operational Demonstration Program** – to support the demonstration, testing and validation of promising pre-commercial technologies, with the goals of building customer and investor confidence, $1.5 million was made available through two separate competitive RFP releases. In January of 2013 the Technology Innovation Committee approved two (2) of four (4) Op Demo finalists for funding – New England Hydro Power and RPM Sustainable Technologies. Each project received a $500,000 loan from CEFIA. The CCEF, over the years, also made several Op-Demo investments in the

[1] It should be noted that CEFIA has applied for two (2) additional U.S. Department of Energy SunShot Initiative grants in partnership with New England States as well as national non-profit organizations.

following companies or projects – Avalence (a hydrogen production technology), Fuel Cell Energy (a hydrogen production technology), Gen Cell (a fuel cell technology), Infinity-Schlumberger (a hydrogen production technology), Lite Trough (a solar thermal technology), MechSys (a small hydro technology), Optiwind (a wind technology), Proton Energy Systems (a hydrogen production technology), Rentricity (a waste pressure to electricity technology), Tallon Lumber (a biomass gasification technology), Z-tek (a fuel cell technology). Fuel Cell Energy, Infinity-Schlumberger, MechSys, Proton Energy Systems, and Tallon Lumber are currently open while the other projects have been closed out or are in the process of being closed out. The open legacy projects require annual reporting and monitoring, while the equipment and materials for the Tallon Lumber project are currently being auctioned off. Management of CEFIA's active and open Op Demo projects are now under CI management in accordance with the MOU between CI and CEFIA.

Status – Closed (of the $1.5 million FY 2013 budget, $500,000 was returned to the CEFIA budget by the Technology Innovation Committee)

- **Clean Tech Fund** – to provide equity capital for high growth potential technology companies in the clean energy industry in Connecticut. No funding was made available to the Clean Tech Fund. However, there are several companies that the CCEF made equity investments in that are on the books of CEFIA including Acumentrics (a fuel cell company) and Optiwind (a small wind company). The management of these investments is now under Connecticut Innovations (CI) in accordance with the MOU between CI and CEFIA..

  Status – Closed

- **Technology and Resource Assessment Programs** – to monitor and assess the performance of fuel cell and small wind projects deployed in Connecticut, the CCEF supported a technology and resource assessment program.

  Status – Closed

- **Workforce Development Program** – to support post-secondary green job training programs offered by Connecticut Community Colleges and Technical High School System, several renewable energy education and training programs were implemented. The old program supported the development of curriculum materials, professional development for teachers, and hands-on diagnostic equipment, while the program in transition supported by CEFIA included 16 E-Houses – one at each technical high school in the state. To date, three (3) E-Houses have been completed. The management of these projects is now under United Illuminating, our utility partner through the Connecticut Energy Efficiency Fund (CEEF), through an agreement between CEFIA and UI.

  Status – Closed (of the $400,000 FY 2013 budget, $5,000 was returned to the CEFIA budget by the Deployment Committee)

- **Formal Education Program** – to support professional development opportunities for Connecticut teachers focused on renewable energy sources, the CCEF supported the Learning for Clean Energy Innovation Program in collaboration with the Department of

Education. The management of these projects is now under United Illuminating, our utility partner through CEEF, through an agreement between CEFIA and UI.

Status – Closed

As of May 30, 2013, all of the programs in transition are closed or in the final stages of closing.

Marketing and Outreach Programs

With regard to marketing and outreach, CEFIA has several key initiatives it is supporting including Energize Connecticut℠ and the Connecticut Clean Energy Communities (CEC) program.

Energize Connecticut

Energize Connecticut[2] is an initiative dedicated to empowering Connecticut citizens to make smart energy choices, now and in the future. It provides Connecticut residents, businesses, nonprofits and communities the resources and information they need to make it easy to save energy and build a clean energy future for everyone in the state. It is an initiative of the Connecticut Energy Efficiency Fund (CEEF), the Clean Energy Finance and Investment Authority, the state, and the local electric and gas utilities. To support the initiative, the partners developed a new "one-stop shop" website that provides customers with information on all of the state's energy programs that were formerly hosted on the CEFIA and CEEF websites. In addition, the partners created a new brand and collateral templates, among other items, to drive broader and deeper energy upgrades in support of the state's Comprehensive Energy Strategy.

Connecticut Clean Energy Communities Program

The Connecticut Clean Energy Communities is an award-winning program[3] now jointly administered with CEEF that engages Connecticut's cities and towns to commit to clean energy targets (i.e., 20% reduction in energy consumption by 2018) while promoting the deployment of clean energy among its businesses, institutions and households. The program rewards cities and towns with iconic rewards (e.g., a solar PV system on a public library) for supporting clean energy deployment. Through the CEC program, municipalities have been "leading by example" in deploying clean energy, creating voluntary clean energy task forces to market clean energy, and generating significant local earned media in the press through their results. The CEC program has demonstrated strong results in terms of increasing customer participation in CEEF and CEFIA programs[4] while also better positioning Connecticut to compete and win federal grants including the Neighbor to Neighbor Energy Challenge ($4.1 million DOE Energy Efficiency Conservation Block Grant), Rooftop Solar Challenge ($480,000 DOE SunShot Initiative Grant) and Solar Energy Evolution and Diffusion Studies ($1.8 million DOE SunShot Initiative Grant).

The CEC program has been modified by CEFIA in FY 2013 to align with its new mission of clean energy deployment and financing. The program now focuses on supporting the four (4) key sectors of CEFIA: residential, commercial and industrial, institutional, and statutory and infrastructure.

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[2] www.energizect.com

[3] Won the EPA and DOE Green Power Partnership Award in 2006 and the Clean Energy States Alliance Leadership Award in 2009.

[4] Climate Policy and Voluntary Initiatives: An Evaluation of the Connecticut Clean Energy Communities Program by Matthew Kotchen in the National Bureau of Economic Research (June 2010).

The program encourages the following actions by municipalities to ensure that they are "open for business" to support clean energy deployment:

- Opting into C-PACE
- Adopting stretch codes and renewable friendly ordinances
- Adopting solar PV permitting guides
- Waving or capping permit fees
- Allowing online permitting
- Entering into energy savings performance contracts
- Undertaking outreach campaigns (e.g., Solarize, C-PACE)

The program provides points for actions taken by businesses, institutions, and households, including:

- Deployment of clean energy systems (i.e. solar PV and hot water systems, ground source heat pumps, fuel conversions, EV recharging stations, etc.)
- Generation of loan applications for financing programs
- Origination of loans through the financing program

These points can be redeemed for performance-based incentives that acknowledge the municipality's leadership in supporting clean energy.

The CEC program is now in alignment with the deployment and financing mission of CEFIA and will serve to improve the overall performance of programs within each sector of the organization.

Conclusion

In conclusion, the CEFIA staff has worked hard to transition several programs out of the organization including on-site distributed generation, technology innovation, workforce development, and formal and informal education programs, while also making the necessary modifications to continuing programs that will ensure that they are in alignment with the new direction of CEFIA.

With the support of CI, CEFIA is provided a resource from which to transfer the management of its early stage technology investments. With the support of United Illuminating and CEEF, CEFIA's workforce development and formal and informal education programs are being served. Of the $11.1 million budgeted in FY 2013 for programs in transition, over $3.6 million of funds were returned back to the general budget of CEFIA from the Deployment and Technology Innovation Committees.

As a result of these transitions and modifications to programs, CEFIA is now completely focused on the deployment and financing of clean energy in Connecticut.

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CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

Memo

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

From: Dale Hedman (Director of Statutory and Infrastructure Programs), Bryan Garcia (President and CEO), Bert Hunter (EVP and CIO), Mackey Dykes (Chief of Staff)

Cc Jessica Bailey (Director of C-PACE), Andy Brydges (Director of Institutional Sector Programs), and Kerry O'Neill (Director of Residential Programs)

Date: May 30, 2013

Re: Statutory and Infrastructure Sector Programs – Program Performance FY 2013

Overview

Public Act 11-80 (the Act), *An Act Concerning the Establishment of the Department of Energy and Environmental Protection and Planning for Connecticut's Energy Future*, requires that the Clean Energy Finance and Investment Authority (CEFIA) develop and implement several programs to support the deployment of solar photovoltaic (PV), combined heat and power (CHP), and anaerobic digester (AD) technologies. Alongside the Act, through the Comprehensive Energy Strategy (CES) released by the Department of Energy and Environmental Protection (DEEP), there is the goal of delivering cleaner, cheaper and more reliable sources of energy through the deployment of in-state renewable energy sources, including the need for more microgrids.

With respect to the Total Addressable Market (TAM), a quick metric to help prioritize the business opportunities of the underlying potential for residential solar PV, CHP and AD, the following are estimates of the technical potential:

- Residential Solar PV – there is a TAM of between 560 to 1,300 MW of residential solar PV in Connecticut.[1] To date, the Serviceable Available Market (SAM) is 23 MW of solar PV deployment leaving a substantial market opportunity for investment of over $2.5 billion.

- Industrial CHP – there is a TAM of nearly 700 MW of industrial CHP in Connecticut.[2] To date, the SAM is 260 MW of CHP deployments leaving about 440 MW of market opportunity for investment of over $750 million.

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[1] *U.S. Renewable Energy Technical Potentials: A GIS-Based Analysis* by NREL (July 2012) estimates 1,300 MW. CEFIA staff estimate 560 MW, or approximately 10% of the 870,000 single-family homes in Connecticut. A more thorough assessment of the TAM is being done in FY 2014 to better determine the market opportunity for residential solar PV deployment in Connecticut.

[2] *2013 Comprehensive Energy Strategy for Connecticut* by the Department of Energy and Environmental Protection (February 2013).

- Anaerobic Digester – for wastewater treatment facilities, there is a TAM of 90 locations or about 15 MW of capacity in Connecticut. To date, the SAM is 18 facilities with anaerobic digesters with approximately 3 MW of generating capacity leaving approximately 12 MW of market opportunity for an investment of between $150-$200 million

It is clear that residential solar PV represents a significant market opportunity to deploy in-state renewable energy resources while serving the goals of delivering cleaner, cheaper and more reliable sources of energy while creating jobs and supporting local economic development.

Performance Targets and Progress

With respect to the Comprehensive Plan approved by the Board of Directors of the Clean Energy Finance and Investment Authority on September 28, 2012, the following are the performance targets through 2014 and the progress made thus far for the Statutory and Infrastructure Sector Programs (see Table 1). Also, for comparative purposes, included are the total performance targets for all programs through 2014.

Table 1. Program Performance Targets and Progress Made to the Comprehensive Plan as of May 30, 2013

Key Metrics	Program Performance Targets	Program Progress	Overall Targets
Ratepayer Capital at Risk[3]	$21,300,000	$17,749,814	$45,300,000
Private Capital	$88,600,000	$93,816,385	$186,600,000
Deployed (MW)	26.1	25.5	51.1
# of Loans/Projects	853	975	5,283
Lifetime Production (MWh)	-	2,231,279	-
Annual Saved (kMMBtu)	-	82	180
Lifetime Saved ($)	-	$16,500,000	-

The ratio of ratepayer funds to private capital for the Statutory and Infrastructure Sector Programs to date is 5:1 Of the nearly $18 million in ratepayer funds committed or invested to date, the following is a breakdown of the use of these funds:

- $11.9 million in subsidies was invested to support 974 projects – 971 residential solar PV installations or 7.0 MW, and 3 CHP installations or 3.7 MW

- $5.8 million in loans and leases to support 1 project – the 15 MW Bridgeport Fuel Cell Park. It should be noted, that there is an estimated additional ratepayer impact of approximately $50 million with the BFCP as the result of Project 150.[4]

With regards to the objectives functions of:

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[3] Includes funds from the Clean Energy Fund, RGGI allowance revenue, repurposed ARRA-SEP funds, and other resources that are managed by CEFIA that are committed and invested in subsidies, credit enhancements, and loans and leases.

[4] In comparison to Round 1 of the LREC auction, 14 fuel cell projects were selected by CL&P and UI totaling 6.8 MW of deployment. Ratepayers will pay $3.5 million a year in LREC costs for the next 15 years for a total of $52.5 million.

- Increasing the amount of clean energy produced per dollar of ratepayer funds at risk; and

- Increasing the efficiency of consumption to maximize benefits to consumers per dollar of ratepayer funds at risk

The following is a breakdown of the progress made to date (see Table 2):

Table 2. Progress Achieved on the Objective Functions as of May 30, 2013

Lifetime Production (MWh)	2,231,279
Ratepayer Capital at Risk ($)	$17,749,814
Administrative and Program Costs ($)	$1,593,100
Ratepayer Funds at Risk ($)	$19,342,914
Production per Funds at Risk (kWh/$)	115 kWh/$1.00

Lifetime Saved ($)	$16,500,000
Ratepayer Capital at Risk ($)	$17,749,814
Administrative and Program Costs ($)	$1,593,100
Ratepayer Funds at Risk ($)	$19,342,914
Lifetime Savings per Funds at Risk	$0.85/$1.00

Overall, the Statutory and Infrastructure Sector Programs are ahead of target and we expect significant growth in residential solar PV deployment in FY 2014.

Description of Statutory and Infrastructure Sector Programs

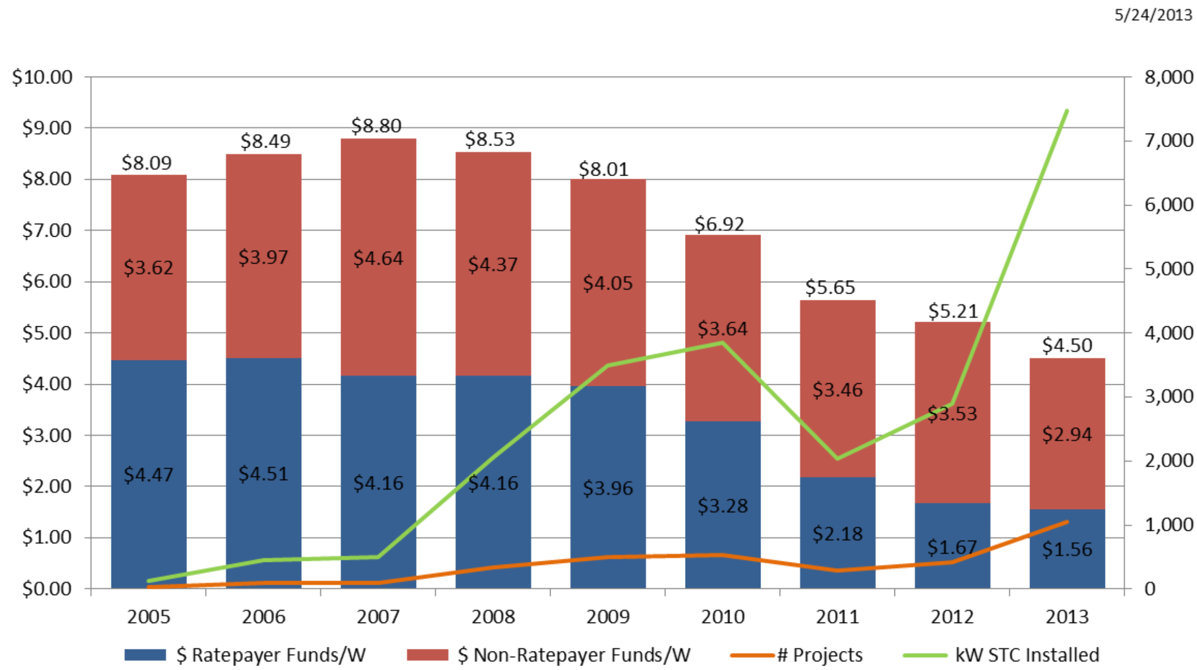
The following are brief descriptions of the Statutory and Infrastructure Sector Programs being implemented or in development, progress made thus far, and the contributions towards the achievement of the targets noted in the Comprehensive Plan.

- Residential Solar Investment Program (RSIP) – a subsidy program that provides up to one-third of CEFIA's annual receipts from the Clean Energy Fund (approximately $9.25 million) that are approved by the Board of Directors for the goal of meeting Section 106 of the Act. The program provides two different types of incentives that decrease over time: an upfront rebates and a performance-based incentive that is paid out over six-years. The RSIP is one of CEFIA's key programs – the results of which are reported on a weekly basis.[5] CEFIA has thus far achieved great progress in reducing installed costs and increasing consumer demand for residential rooftop solar PV (see Figure 1). To support the successful implementation of the RSIP, CEFIA has pursued federal grants[6] and undertaken new and innovative marketing campaigns[7] to reduce soft costs that result in making solar PV more accessible and affordable to customers. With the roll-out of the various financing programs – Solar Lease, Solar Loan, and the Smart-E Loan –

[5] Market Watch Report – click here.
[6] CEFIA won a $480,000 SunShot Initiative grant in 2012 to reduce soft costs in 12 communities in Connecticut and recently applied with four (4) other New England states for a follow-on grant that would bring an additional $500,000 in federal grants to Connecticut for statewide rollout.
[7] CEFIA partnered with SmartPower and several private foundations to launch the Solarize Connecticut campaign which resulted in a 20% cost reductions in installed costs and a significant increase in deployment – click here.

we expect that the RSIP deployment of solar PV will increase while the need for subsidies will decrease.

Figure 1. Installed Cost ($/W) and Installed Capacity (kW) by Fiscal Year



- ○ Capital Competition – to further support the RSIP and transition from subsidies to financing, the Capital Competition was approved by the Deployment Committee to provide $1 million of low interest (i.e. 2%) and long-term (i.e. 20 years) debt to a qualified installer, third-party financier, or financial institution that can maximize the amount of residential solar PV deployed per dollar of ratepayer funds at risk. CEFIA staff conducted major outreach on the RFP including a Yale-DOE webinar (over 150 participants on the webinar), Wall Street Green Trading Summit announcement (over 150 participants at the event and over 100,000 noticed by e-mail), and a pre-bid webinar (with 20 people in attendance). Only one (1) proposal was received.

- CHP and AD Program – a subsidy and loan program that provides up to $4 million a year – $2 million for CHP and $2 million for AD – that are approved by the Board of Directors for the goal of meeting Section 103 of the Act. The program has undergone several RFPs, which have resulted in very few project submissions. The CEFIA staff is now pursuing a different approach for CHP (an open solicitation instead of an RFP) and AD (a market potential study with the goal of wrapping up a number of AD facilities at wastewater treatment facilities) to generate better deal flow.

- Grid and Infrastructure Program – a loan program that provides capital to support the deployment of large-scale grid-tied renewable energy projects that are approved by the Board of Directors. The program supported the financing of the Bridgeport Fuel Cell Park and expects to play a role in future renewable energy projects that are grid-tied or microgrids.

Overall, the implementation of these three programs has been steady and progress has been substantial given the Comprehensive Plan targets through 2014. We expect to deliver results beyond the Comprehensive Plan targets – with residential solar PV being a major focus of local renewable energy deployment and job creation.

Of these programs, the following is a breakdown of their contributions made thus far towards the performance target and the human resources required to implement them (see Table 3):

Table 3. Program Progress Made as of May 30, 2013

Key Metrics	RSIP	CHP and AD Program	Grid and Infrastructure Program	Total Program Progress
Date of Program Approval	Feb 2012	Feb 2012	Nov 2012	
Date of Program Launch	Mar 2012	Jun/Dec 2012	Dec 2013	
Ratepayer Capital at Risk	$11,015,314	$934,500	$5,800,000	$17,749,814
Private Capital	$20,261,885	$8,554,500	$65,000,000	$93,816,385
Deployed (MW)	7.0	3.7	14.8	25.5
# of Loans/Installations	971	4	1	975
Lifetime Production (MWh)	165,529	340,950	1,725,000	2,231,279
Annual Saved (kMMBtu)	-	1,230	-	1,230
Lifetime Saved ($)	-	$16,500,000	-	$16,500,000
Full Time Equivalent Staff	5.2	1.2	1.0	7.3
Program Expenses	$1,254,600	$274,400	$64,100	$1,593,100

Lessons Learned

Based on the implementation of the Statutory and Infrastructure Sector Programs thus far, the following are the "Top 4" lessons learned:

1. **Community-Based Marketing Works for Solar PV** – the piloting of Solarize Connecticut with SmartPower in four (4) communities demonstrated dramatic results in cost reductions (more than 20% to $3.70/W saving customers $2.2 million or $7,500 per home), significant deployment increases (nearly 300 projects deploying 2.2 MW), and reduced payback periods (from 11 years to 6 years). Scaling up and adapting Solarize is an opportunity to reduce installed costs, increase consumer demand, and transition subsidy programs to financing programs.

2. **Competitive RFP Sufficient for CHP** – the pilot RFP for combined heat and power projects yielded three (3) submissions – requiring about $950,000 in subsidies to support 3.7 MW of CHP deployment in a hospital, at a university, and on a farm. Keeping an open RFP process for projects should yield a sufficient number of projects to achieve the statutory requirement. The challenge will be to transition the market away from subsidies and towards financing. The status of the Class III RPS will play a key role in this future transition and the scaled deployment of CHP in Connecticut.

3. **Competitive RFP Limited for AD** – the pilot RFP for anaerobic digester projects yielded one (1) submission – a $4.5 million loan for a project in Ansonia that CEFIA staff is

continuing to pursue. To better support the increased deployment and financing of AD across the state, the staff is also pursuing a targeted strategy focused on assessing the opportunities presented by the more than ninety (90) waste water treatment plants for a financing aggregation strategy with private capital providers. Biogas from anaerobic digestion can be generated from a number of different feedstocks (i.e. wastewater sludge, manure, food waste, etc.), which will impact the kind of project that can be developed (i.e. behind the meter or grid-tied), as well as its size, location and economics. By focusing on one sector staff will be able use its resource more effectively and efficiently.

4. **Microgrid Financing Represents an Opportunity** – given the state's commitment to support the deployment of microgrids and CEFIA's experience with supporting such installations in grocery stores, hospitals, schools and universities, and manufacturing, CEFIA is pursuing a strategy to finance microgrids. This strategy may include a fund for third-party financing of fuel cell deployment to scale-up the use of this high reliable technology that produces power and heat in critical applications, direct financing of microgrid demonstration projects with diverse end-users in a system, and some financial innovation research and development to better understand the risk and return expectations of microgrid financing.

Statutory and Infrastructure Sector Programs FY 2014 Quarterly Targets

Of the three programs being implemented in the Statutory and Infrastructure Sector Programs, the following is a breakdown of the key quarterly targets for each program (see Tables 4-6):

Table 4. Number of Projects

Program	FY 2014 Q1 (Jul-Sep)	FY 2014 Q2 (Oct-Dec)	FY 2014 Q3 (Jan-Mar)	FY 2014 Q4 (Apr-Jun)
RSIP[8]	285	425	425	575
CHP and AD[9]	-	3	-	4
Grid and Infrastructure[10]	-	-	-	-
Total	285	428	425	584

Table 5. Amount of Subsidies, Credit Enhancements, and Loans and Leases

Program	FY 2014 Q1 (Jul-Sep)	FY 2014 Q2 (Oct-Dec)	FY 2014 Q3 (Jan-Mar)	FY 2014 Q4 (Apr-Jun)
RSIP[11]	$2,500,000	$3,750,000	$3,000,000	$4,000,000
CHP and AD	-	$1,000,000	-	$2,000,000
Grid and Infrastructure	-	-	-	-

[8] Assumes 12 MW of installed capacity for FY 2014 or approximately 1,700 projects.
[9] Assumes CHP projects are recommended for approval through an open RFP process in Q2 along with additional CHP projects in Q4 as well as an anaerobic digester project.
[10] CEFIA anticipates working with DEEP, DECD, and the Treasurer's Office on accessing $18 million of bond funds per Sections 36-37 of PA 12-189 "An Act Authorizing and Adjusting Bonds of the State for Capital Improvements, Transportation and Other Purposes". A determination as to the number of projects supported by various financing mechanisms will be determined in FY 2014.
[11] Assumes average incentive of $1,250/kW for Q1 and Q2 and $1,000/kW for Q3 and Q4

Total	$2,500,000	$4,750,000	$3,000,000	$6,000,000

Table 6. Amount of Renewable Energy Deployed (MW)

Program	**FY 2014 Q1** (Jul-Sep)	**FY 2014 Q2** (Oct-Dec)	**FY 2014 Q3** (Jan-Mar)	**FY 2014 Q4** (Apr-Jun)
RSIP	2	3	3	4
CHP and AD	-	3	-	3
Grid and Infrastructure	-	-	-	-
Total	2	6	3	18

To achieve these quarterly targets, the Statutory and Infrastructure Sector Programs will focus its programmatic expenses in the following areas:

Reduction of Soft Costs – continuing to lower soft costs of customer acquisition through aggregation strategies, financing, and permitting processes and standardization through the expansion and adaptation of Solarize campaigns and the extension of the SunShot Initiative.[12]

Collaboration with the Residential, Commercial, Industrial, and Institutional Sector Programs – to support the integration of financing programs with the statutory and infrastructure sector programs, further collaboration between directors will be pursued.

Total Available Market Assessments – continuing to better understand the market opportunity for all statutory and infrastructure programs so as to develop financing programs that will maximize the amount of clean energy deployed per dollar of ratepayer funds at risk. Determining the TAM will allow CEFIA to develop financing strategies to deliver results beyond the legislative targets.

The statutory and infrastructure programs are making good progress towards meeting the two-year targets underneath the Comprehensive Plan. Continuing to make steady progress will ensure that these targets are met.

[12] CEFIA has a joint proposal into the U.S. Department of Energy with the Clean Energy States Alliance on a New England wide program in partnership with Massachusetts, New Hampshire, Rhode Island, and Vermont. The decision by the DOE is expected in June of 2013.

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CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

Memo

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

From: Kerry O'Neill (Director of Residential Programs), Bryan Garcia (President and CEO), Bert Hunter (EVP and CIO), Mackey Dykes (Chief of Staff)

Cc Jessica Bailey (Director of C-PACE), Andy Brydges (Director of Institutional Programs), Dale Hedman (Director of Statutory and Infrastructure Programs)

Date: May 30, 2013

Re: Residential Sector Programs – Program Performance FY 2013

Overview

Public Act 11-80 (PA 11-80), *An Act Concerning the Establishment of the Department of Energy and Environmental Protection and Planning for Connecticut's Energy Future*, requires that the Clean Energy Finance and Investment Authority (CEFIA) develop and implement several programs to finance and otherwise support clean energy investment in residential projects to promote deep energy efficiency retrofits, renewable energy deployment, and fuel and equipment conversions in single-family homes across the state. PA 11-80 Section 33 also requires that 80% of households be weatherized by 2030. Additionally, the state's Comprehensive Energy Strategy sets out a goal of completing 200,000 oil-to-gas fuel conversions over the next 7-10 years and places a major emphasis on energy efficiency, with a focus on achieving deeper efficiency measures in the residential sector.

To give a sense of the market scope for efficiency, in Connecticut, there are about 950,000 households that are eligible for the Home Energy Solutions (HES) program – and according to the 2012 Conservation & Load Management Plan, about 875,000 have yet to participate in the HES program. The state's Comprehensive Energy Strategy estimates that approximately 634,000 homes likely need additional, deeper efficiency measures[1]. HES typically converts about 10% of participants to additional measures, but applying best practices suggests that this figure could be tripled. If so, nearly 200,000 potential HES participants could be seen as highly likely targets for such deeper retrofits and measures – which, if achieved, would mean a $2 billion market for energy efficiency improvements using the $10,000 average project size that is typical for these types of upgrades (which may include oil-to-gas conversions since Connecticut has a lower penetration of natural gas usage at the residential level (30%) compared with the rest of New England (50%). The state's goal of converting 200,000 customers to natural gas for heating and cooling represents a $1.5 billion market for fuel conversions. Note that experience

[1] The Energy Efficiency Fund is completing a market potential study by the end of 2013 to establish a baseline of homes that currently meet the 80% weatherization standard and to identify what % of homes would need to be weatherized to meet the 80% goal by 2030.

in other energy loan programs around the country indicates that 20-40% of customers will utilize energy loan programs (vs. cash, home equity lines of credit, credit cards, vendor financing, etc.).

Performance Targets and Progress

With respect to the Comprehensive Plan approved by the Board of Directors of the Clean Energy Finance and Investment Authority on September 28, 2012, the following are the performance targets through 2014 and the progress made thus far for the Residential Sector Programs (see Table 1). Also, for comparative purposes, included are the total performance targets for all programs through 2014.

Table 1. Program Performance Targets and Progress Made to the Comprehensive Plan as of May 30, 2013

Key Metrics	Program Performance Targets	Program Progress	Overall Targets
Ratepayer Capital at Risk[2]	$12,000,000	$15,510,000	$45,300,000
Private Capital	$60,000,000	$73,300,000	$186,600,000
Deployed (MW)	15.0	-	51.1
# of Loans/Projects	4,250		5,283
Lifetime Production (MWh)	-		-
Annual Saved (kMMBtu)	75	-	180
Lifetime Saved ($)	-	-	-

The ratio of ratepayer funds to private capital for the Residential Sector Programs to date is roughly 4.7:1 Of the roughly $15.5 million in ratepayer and ARRA-SEP funds committed or invested to date, the following is a breakdown of the use of these funds:

- $6.4 MM in credit enhancements was invested to support an estimated 5,390 projects
  - Solar Lease 2 1,950
  - Solar Loan Pilot 240
  - Cozy Loan 200
  - Smart-E Loan 3,000

- $9.1 in senior or subordinated loans to support 2,200 projects
  - Solar Lease 2 1,950
  - Solar Loan Pilot 240
  - Multifamily Energy Loan Fund 10

With regards to the objectives functions of:

- Increasing the amount of clean energy produced per dollar of ratepayer funds at risk; and
- Increasing the efficiency of consumption to maximize benefits to consumers per dollar of ratepayer funds at risk

[2] Includes funds from the Clean Energy Fund, RGGI allowance revenue, repurposed ARRA-SEP funds, and other resources that are managed by CEFIA that are committed and invested in subsidies, credit enhancements, and loans and leases.

The following is a breakdown of the progress made to date (see Table 2):

Table 2. Progress Achieved on the Objective Functions as of May 30, 2013

Lifetime Production (MWh)	-
Ratepayer Capital at Risk ($)	$15,510,000
Administrative and Program Costs ($)	$1,356,400
Ratepayer Funds at Risk ($)	$18,571,400
Production per Funds at Risk (kWh/$)	-

Lifetime Saved ($)	-
Ratepayer Capital at Risk ($)	$15,510,000
Administrative and Program Costs ($)	$1,356,400
Ratepayer Funds at Risk ($)	$18,571,400
Lifetime Savings per Funds at Risk	-

Overall, the Residential Sector Programs are making tremendous progress toward the goals of attracting private capital for energy efficiency retrofits and renewable energy projects and creating programs that are bringing homeowners, contractors and lenders together with a process that is easy to understand and quickly arranges the capital needed for these projects at attractive rates. The focus for FY 2013 has been on product design and implementation, with launches at the end of FY 2013, therefore it is too early to realize project volume or energy savings.

Description of Residential Sector Programs

The following are brief descriptions of the Residential Sector Programs being implemented or in development, progress made thus far, and the contributions towards the achievement of the targets noted in the Comprehensive Plan.

- <u>Smart-E Loan</u> – a credit enhancement program that uses $2.5 million of repurposed ARRA-SEP funds as a loan loss reserve and interest rate buy down to attract nearly $31 million of private capital from local credit unions and community banks. The product provides low interest (i.e. 4.49-6.99%) unsecured loans at long terms (i.e. between 5 to 12 years) for technologies that are consistent with the goals of the Comprehensive Energy Strategy.

- <u>Cozy Home Loan</u> – a credit enhancement program that uses $410,000 of repurposed ARRA-SEP funds as a loan loss reserve and interest rate buy down to attract $2.5 million of private capital from Community Development Financial Institutions (i.e. Opportunity Finance Network). The product, administered by the Housing Development Fund, provides 10-year loans for technologies that are consistent with the goals of the Comprehensive Energy Strategy to households below 80% of area median income in the Fairfield, Litchfield, and New Haven counties.

- <u>Solar Lease</u> – a lease program that uses $3.5 million in repurposed ARRA-SEP funds as a loan loss reserve and $7.6 million in debt and equity from CEFIA approved by the Board of Directors to attract $40 million of private capital from a syndicate of local lenders to provide homeowners with FICO scores of 640 and above with a no upfront financing option for residential solar PV and solar hot water system deployment.

- Solar Loan – a loan program that uses $300,000 in repurposed ARRA-SEP funds as a loan loss reserve and $1.5 million in debt from CEFIA approved by the Board of Directors to attract $4.5 million in private capital to provide 15-year secured loans at 6.49% interest rate for homeowners interested in owning solar PV systems.

Overall, the implementation of these four programs is on track to deliver significant project volume, ramping up quarter by quarter through FY 2014. Strong program design, a focus on processes that are customer, contractor and lender friendly, and a channel marketing strategy are critical ingredients to lay the foundation for achieving the projected ramp in FY 2014.

Of these programs, the following is a breakdown of their contributions made thus far towards the performance target and the human resources required to implement them (see Table 3):

Table 3. Program Progress Made as of May 30, 2013

Key Metrics	Smart-E Loan and Cozy Home Loan	Solar Lease	Solar Loan	Total Program Progress
Date of Program Approval	Nov 2012	Feb 2013	Nov 2012	
Date of Program Launch	May 2013	June 2013	Mar 2013	
Ratepayer Capital at Risk	$2,910,000	$11,100,000	$1,500,000	$15,510,000
Private Capital	$33,300,000	$40,000,000	-	$73,300,000
Deployed (MW)	-	-	-	-
# of Loans/Installations	-	-		-
Lifetime Production (MWh)	-	-	-	-
Annual Saved (kMMBtu)	-	-	-	-
Annual Saved ($)	-	-	-	-
Full Time Equivalent Staff	3.6	1.9	0.8	6.3
Program Expenses				$1,356,400[3]

In addition to the financing programs for single family households, CEFIA is currently developing programs for multifamily properties as well. For example, the Open Market ESCO is a $2 million loan program in partnership with HUD, Connecticut Housing Finance Authority (CHFA), Winn Development, and the Local Initiatives Support Corporation (LISC). The program leverages up to $6 million of financing from other sources to provide ESAs for multifamily properties to undertake energy efficiency measures without the need for upfront capital and pay for them through the savings that are delivered over time. Such programs are currently at a nascent stage of development.

Lessons Learned

Based on the implementation of the Residential Sector Programs thus far, the following are the "Top 5" lessons learned:

1. **Banks Want to Lend** – capital is available, and is in no way a limiting factor.

[3] Programs were not developed when FY13 budget was developed so aren't broken out by program.

2. **Good Program Design Attracts Capital** – FY 2013 results to date in attracting capital demonstrate this – the Smart-E and Solar Lease programs have shown particular success.

3. **Low FICOs are a Challenge** – Banks are not enthusiastic about lending at FICOs below 680 and extra credit enhancements are required to attract capital to this segment. It remains to be seen how much volume the 680 and below FICO segment will represent in the residential programs, and whether other strategies will need to be employed.

4. **Real Innovation Takes Time** – in terms of developing the optimal program design, then attracting the right capital partners, and in developing the necessary documentation to support all the counterparty agreements required for new programs.

5. **Training is Essential** – Contractors and lenders are critical partners and require a significant investment in up front on-boarding and training, as well as ongoing support and re-training on program details, process, and available marketing materials. This is a critical investment in the channel marketing strategy that is being employed across the residential programs.

Residential Sector Programs FY 2014 Quarterly Targets

Of the four programs being implemented in the Residential Sector Programs, the following is a breakdown of the key quarterly targets for each program (see Tables 4):

Table 4. Number of Projects

Program	FY 2014 Q1 (Jul-Sep)	FY 2014 Q2 (Oct-Dec)	FY 2014 Q3 (Jan-Mar)	FY 2014 Q4 (Apr-Jun)
Smart-E and Cozy Home Loan	105	215	430	750
Solar Lease	220	224	345	186
Solar Loan	33	40	26	24
Total	358	479	810	960

Table 5. Amount of Subsidies, Credit Enhancements, and Loans and Leases (Thousands of $s)

Program	FY 2014 Q1 (Jul-Sep)	FY 2014 Q2 (Oct-Dec)	FY 2014 Q3 (Jan-Mar)	FY 2014 Q4 (Apr-Jun)
Smart-E and Cozy Home Loan	$365	$375	$750	$810
Solar Lease	$885	$903	$1,348	$689
Solar Loan	$752	$912	$593	$547
Total	2,002	2,190	2,691	2,046

Table 6. Amount of Renewable Energy Deployed (MW)

Program	FY 2014 Q1 (Jul-Sep)	FY 2014 Q2 (Oct-Dec)	FY 2014 Q3 (Jan-Mar)	FY 2014 Q4 (Apr-Jun)

Smart-E and Cozy Home Loan[4]	TBD	TBD	TBD	TBD
Solar Lease – PV	1.3	1.4	2.0	1.0
Solar Loan	0.2	0.3	0.2	0.2
Total	1.5	1.7	2.2	1.2

Table 7. Amount of Energy Saved (MMBtu)

Program	FY 2014 Q1 (Jul-Sep)	FY 2014 Q2 (Oct-Dec)	FY 2014 Q3 (Jan-Mar)	FY 2014 Q4 (Apr-Jun)
Smart-E and Cozy Home Loan	2,600	5,400	10,800	18,800
Solar Lease – SHW	380	380	935	565
Solar Loan	n.a.	n.a.	n.a.	n.a.
Total	2,980	5,780	11,375	19,365

To achieve these quarterly targets, the Residential Sector Programs will focus its programmatic expenses in the following areas:

Channel Marketing Strategy – including marketing support for contractors, lenders, online (web, email, social media), community pilots; and supporting strategies including website development, consumer tools, and market segmentation data

Process Support – including outsourced infrastructure for technical underwriting/approvals and quality assurance/quality control; data analytics

Staff – to support iterative product development, refinement and implementation, with a particular focus on training and ongoing support for contractors and lenders

All Residential Sector Programs are new and include aggressive quarterly ramp targets for FY 2014. The challenge for these programs will be in driving demand, which will require successfully launching and implementing the products across the state and executing against the channel marketing strategy, ensuring contractors and lenders, in particular, are adequately trained and supported – as they will be the source of a significant majority of project volume. FY 2014 will need to be a year of learning what works and what doesn't, with respect to driving demand through a channel marketing strategy, and understanding the customer acquisition cost metrics in these programs.

[4] Note that the breakdown between renewable energy and energy efficiency measures in the Smart-E and Cozy Home Loan programs are not known, Only estimated MMBtu's saved are reflected.

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CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

Memo

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

From: Bryan Garcia (President and CEO), Bert Hunter (EVP and CIO), and Mackey Dykes (Chief of Staff)

Cc Jessica Bailey (Director of C-PACE), Andy Brydges (Director of Institutional Programs), Dale Hedman (Director of Statutory and Infrastructure Programs), and Kerry O'Neill (Director of Residential Programs)

Date: May 30, 2013

Re: Institutional Sector Programs – Program Performance FY 2013

Overview
As part of CEFIA's goal of attracting and deploying capital to finance the clean energy goals of Connecticut, we have initiated institutional sector programs to support the State and its efforts to work with municipalities through the "Leading by Example" program and to go further into communities with assistance to its universities, schools, hospitals, and other important non-profit organizations. These programs are nascent and admittedly have only just begun given the recent retirement of a CEFIA staff member administering these programs and the hiring of a Director of Institutional Programs at CEFIA and a Program Manager for the "Leading by Example" program at the Department of Energy and Environmental Protection (DEEP).

There are more than 3,600 buildings that are owned or leased by the State of Connecticut to carry-out its governmental functions. These buildings consume an estimated 4,000 kMMBtu per year – approximately 700,000 MWh of electricity and 15,400,000 CCF of natural gas. Through Sections 118 and 122-123 of PA 11-80, DEEP and the Department of Administrative Services are to develop a plan to reduce state building energy consumption by 10% by 2013 and an additional 10% by 2018. The law authorizes state agencies and municipalities in coordination with the Energy Conservation Management Board (ECMB) to be able to engage in energy savings performance contracts.

This memo provides a brief overview of CEFIA's efforts to address the institutional sector to date.

Performance Targets and Progress
With respect to the Comprehensive Plan approved by the Board of Directors of the Clean Energy Finance and Investment Authority on September 28, 2012, the following are the performance targets through 2014 and the progress made thus far for the Institutional Sector

Programs (see Table 1). Also, for comparative purposes, included are the total performance targets for all programs through 2014.

Table 1. Program Performance Targets and Progress Made to the Comprehensive Plan as of May 30, 2013

Key Metrics	Program Performance Targets	Program Progress	Overall Targets
Ratepayer Capital at Risk[1]	$2,000,000	$2,900,000	$45,300,000
Private Capital	$8,000,000	$10,000,000	$186,600,000
Deployed (MW)	5.0	-	51.1
# of Loans/Projects	30	-	5,283
Lifetime Production (MWh)	-	-	-
Annual Saved (kMMBtu)	5	-	180
Lifetime Saved ($)	-	-	-

The ratio of ratepayer funds to private capital for the Institutional Sector Programs to date is $1:$3.4. Of the $2.9 million in ratepayer funds committed or invested to date, the following is a breakdown of the use of these funds:

- $2.9 million in loans and leases to support an estimated 34 projects

With regards to the objectives functions of:

- Increasing the amount of clean energy produced per dollar of ratepayer funds at risk; and
- Increasing the efficiency of consumption to maximize benefits to consumers per dollar of ratepayer funds at risk

The following is a breakdown of the progress made to date (see Table 2):

Table 2. Progress Achieved on the Objective Functions as of May 30, 2013

Lifetime Production (MWh)	-
Ratepayer Capital at Risk ($)	$2,900,000
Administrative and Program Costs ($)	$259,700
Ratepayer Funds at Risk ($)	$3,159,700
Production per Funds at Risk (kWh/$)	-

Lifetime Saved ($)	-
Ratepayer Capital at Risk ($)	$2,900,000
Administrative and Program Costs ($)	$259,700
Ratepayer Funds at Risk ($)	$3,159,700
Lifetime Savings per Funds at Risk	-

Overall, the Institutional Sector Programs are just beginning and there is little progress to report. With the recent hiring of a Director of Institutional Programs at CEFIA (starting in June of 2013)

[1] Includes funds from the Clean Energy Fund, RGGI allowance revenue, repurposed ARRA-SEP funds, and other resources that are managed by CEFIA that are committed and invested in subsidies, credit enhancements, and loans and leases.

and a Program Manager at DEEP (starting in July of 2013), there will be more progress towards targets to report in FY 2014.

Description of Institutional Sector Programs

The following are brief descriptions of the Institutional Sector Programs being implemented or in development, progress made thus far, and the contributions towards the achievement of the targets noted in the Comprehensive Plan.

- Campus Efficiency Now – a loan program in partnership with the Connecticut Conference of Independent Colleges (CCIC) and GreenerU that provides $1 million in CEFIA funds (into a special purpose vehicle) approved by the Board of Directors to engage in Energy Savings Agreements (ESAs) with several private colleges and universities. These ESAs will allow colleges and universities to undertake energy efficiency measures without the need for upfront capital and pay for them through the savings that are delivered over time. The Campus Efficiency Now program has not had any college or university engage in an ESA to date. CEFIA staff will seek to close on several transactions before the end of 2013, otherwise the program will be cancelled.

- Solar Lease – a loan-lease program that provides approximately $12 million in public and private funding through the Connecticut Solar Lease Program to provide Power Purchase Agreements (PPAs) for solar PV to creditworthy commercial and institutional end-users of electricity. This program will support solar PV projects between 50-200 kW in size – with an average size of 75 kW.

Overall, the implementation of these two programs will begin to pick up as we now have the staff resources to manage such programs in FY 2014.

Of these programs, the following is a breakdown of their contributions made thus far towards the performance target and the human resources required to implement them (see Table 3):

Table 3. Program Progress Made as of May 30, 2013

Key Metrics	Campus Efficiency Now	Solar Lease	Total Program Progress
Date of Program Approval	Jul 2012	Feb 2013	
Date of Program Launch	Sep 2012	Jun 2013	
Ratepayer Capital at Risk	$1,000,000	$1,900,000	$2,900,000
Private Capital	-	$10,000,000	$10,000,000
Deployed (MW)	-	-	-
# of Loans/Installations	-	-	-
Lifetime Production (MWh)	-	-	-
Annual Saved (kMMBtu)	-	-	-
Annual Saved ($)	-	-	-
Full Time Equivalent Staff	0.9	0.7	1.6
Program Expenses			$259,700[2]

[2] Programs were not developed when FY13 budget was developed so aren't broken out by program.

Lessons Learned

Based on the nascent stage of the Institutional Sector Programs, there are no lessons learned.

Institutional Sector Programs FY 2014 Quarterly Targets

Of the two programs being implemented in the Institutional Sector Programs, the following is a breakdown of the key quarterly targets for each program (see Tables 4):

Table 4. Number of Projects

Program	FY 2014 Q1 (Jul-Sep)	FY 2014 Q2 (Oct-Dec)	FY 2014 Q3 (Jan-Mar)	FY 2014 Q4 (Apr-Jun)
Campus Efficiency Now	1	1	1	1
Solar Lease	6	6	7	7
Total	7	7	8	8

Table 5. Amount of Subsidies, Credit Enhancements, and Loans and Leases

Program	FY 2014 Q1 (Jul-Sep)	FY 2014 Q2 (Oct-Dec)	FY 2014 Q3 (Jan-Mar)	FY 2014 Q4 (Apr-Jun)
Campus Efficiency Now	$250,000	$250,000	$250,000	$250,000
Solar Lease	$315,000	$315,000	$315,000	$315,000
Total	$565,000	$565,000	$565,000	$565,000

Table 6. Amount of Renewable Energy Deployed (MW)

Program	FY 2014 Q1 (Jul-Sep)	FY 2014 Q2 (Oct-Dec)	FY 2014 Q3 (Jan-Mar)	FY 2014 Q4 (Apr-Jun)
Solar Lease	0.5	0.5	0.5	0.5
Total	0.5	0.5	0.5	0.5

Table 7. Amount of Energy Saved (MMBtu)

Program	FY 2014 Q1 (Jul-Sep)	FY 2014 Q2 (Oct-Dec)	FY 2014 Q3 (Jan-Mar)	FY 2014 Q4 (Apr-Jun)
Campus Efficiency Now	1,250	1,250	1,250	1,250
Total	1,250	1,250	1,250	1,250

The Institutional Sector programs are at a nascent stage of development and implementation. The focus of the programs for FY 2014 will involve leadership and management by staff to develop and implement programs in partnership with DEEP.

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CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

Memo

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

From: Jessica Bailey (Director of C-PACE), Bryan Garcia (President and CEO), Bert Hunter (EVP and CIO), Mackey Dykes (Chief of Staff)

Cc Andy Brydges (Director of Institutional Programs), Dale Hedman (Director of Statutory and Infrastructure Programs), and Kerry O'Neill (Director of Residential Programs)

Date: May 30, 2013

Re: Commercial and Industrial Sector Programs – Program Performance FY 2013

Overview

Pursuant to Public Act 12-2, under which the legislature directed CEFIA to establish a commercial sustainable energy program for Connecticut, staff has been working to develop the C-PACE program. C-PACE is a statutorily mandated program that is a key component of the CEFIA comprehensive plan and budget for FY 2013 and consequently is consistent with CEFIA's Comprehensive Plan. Statutorily, CEFIA is permitted to use its resources "…for expenditures that promote investment in clean energy in accordance with [CEFIA's Comprehensive Plan]…."

With respect to the Total Addressable Market (TAM) for C-PACE in Connecticut, program staff estimates 15,845 buildings and nearly 800 million square feet. In this metric, staff counts commercial, industrial, and multi-family buildings over 10,000 square feet. Counting only buildings within the 35 municipalities which have opted into C-PACE, staff estimates a TAM of 7,742 buildings and over 400 million square feet.

Performance Targets and Progress

With respect to the Comprehensive Plan approved by the Board of Directors of the Clean Energy Finance and Investment Authority on September 28, 2012, the following are the performance targets through 2014 and the progress made thus far for the Commercial and Industrial Sector Programs (see Table 1). Also, for comparative purposes, included are the total performance targets for all programs through 2014.

Table 1. Program Performance Targets and Progress Made to the Comprehensive Plan as of May 30, 2013

Key Metrics	Program Performance Targets	Program Progress	Overall Targets
Ratepayer Capital at Risk[1]	$10,000,000	$3,693,106	$45,300,000
Private Capital	$30,000,000	(see below)	$186,600,000
Deployed (MW)	5.0	0.1	51.1
# of Loans/Projects	150	5	5,283
Lifetime Production (MWh)		2,376	-
Annual Saved (kMMBtu)	107	9	180
Lifetime Saved ($)		$10,388,508	-

The ratio of ratepayer funds to private capital for the Commercial and Industrial Sector Programs to date is [$3,693,106: $0]. **This is due to the unique financing structure of C-PACE and the phase at which approved projects rest. C-PACE (and CEFIA as the program's administrator) uses the security provided by a municipal tax lien on a benefitting property to raise low-cost capital from private lenders to finance 100% of a project's costs. Since this security becomes active upon completion of a project (per the C-PACE statute), CEFIA received approval for $20 million to provide construction and term financing as a credit enhancement for lenders that do not wish to carry risk during the construction phase of an energy improvement financed through C-PACE. CEFIA intends to package small pools of C-PACE projects and sell them down to private lenders via our 'Prequalified Capital Provider' list. Once this existing pool of assessments is sold down, the ratio of ratepayer funds to private capital will reverse as private capital replenishes the CEFIA construction facility.**

In financing projects outright, CEFIA is able to set the interest rate for C-PACE transactions. It is possible that private lenders will require a higher interest rate to purchase C-PACE assessments. In this case, the interest rate differential will become an additional credit enhancement provided to the benefitting property (the borrower).

Therefore, of the [$3,693,106] in ratepayer funds committed or invested to date, the following is a breakdown of the use of these funds:

- $250,000 in subsidies was invested to support 1 project
- [$3,693,106] in construction loans to support [5] projects

With regards to the objectives functions of:

- Increasing the amount of clean energy produced per dollar of ratepayer funds at risk; and
- Increasing the efficiency of consumption to maximize benefits to consumers per dollar of ratepayer funds at risk

The following is a breakdown of the progress made to date (see Table 2):

[1] Includes funds from the Clean Energy Fund, RGGI allowance revenue, repurposed ARRA-SEP funds, and other resources that are managed by CEFIA that are committed and invested in subsidies, credit enhancements, and loans and leases.

Table 2. Progress Achieved on the Objective Functions as of May 30, 2013

Lifetime Production (MWh)	2,376
Ratepayer Capital at Risk ($)	$3,693,106
Administrative and Program Costs ($)	$1,416,500
Ratepayer Funds at Risk ($)	$5,109,606
Production per Funds at Risk (kWh/$)	0.5 kWh/$1[2]

Lifetime Saved ($)	$10,388,508
Ratepayer Capital at Risk ($)	$3,693,106
Administrative and Program Costs ($)	$1,416,500
Ratepayer Funds at Risk ($)	$5,109,606
Lifetime Savings per Funds at Risk	$2.0/$1.0

Overall, the Commercial and Industrial Sector Programs are progressing well. The program was designed and launched very quickly – between September and January. Focus for the program now has been to bring in deals, streamline approval process, and attract private capital providers to the structure. Nationally, the C-PACE program in CT has set a standard that others are now emulating including MA, OH, NY, and TX.

Description of Commercial and Industrial Sector Programs

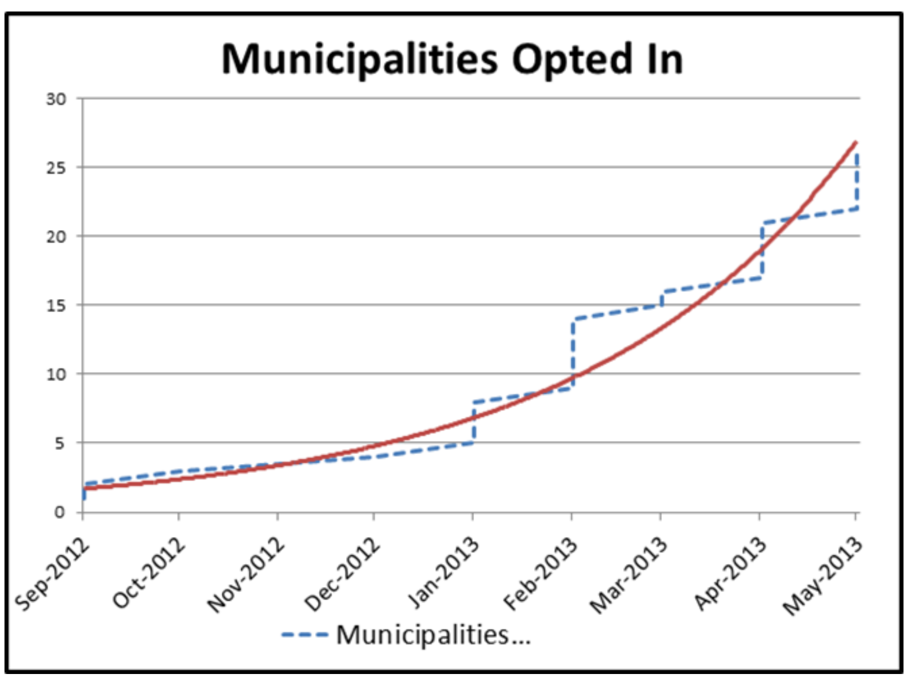
The following are brief descriptions of the Commercial and Industrial Sector Programs being implemented or in development, progress made thus far, and the contributions towards the achievement of the targets noted in the Comprehensive Plan.

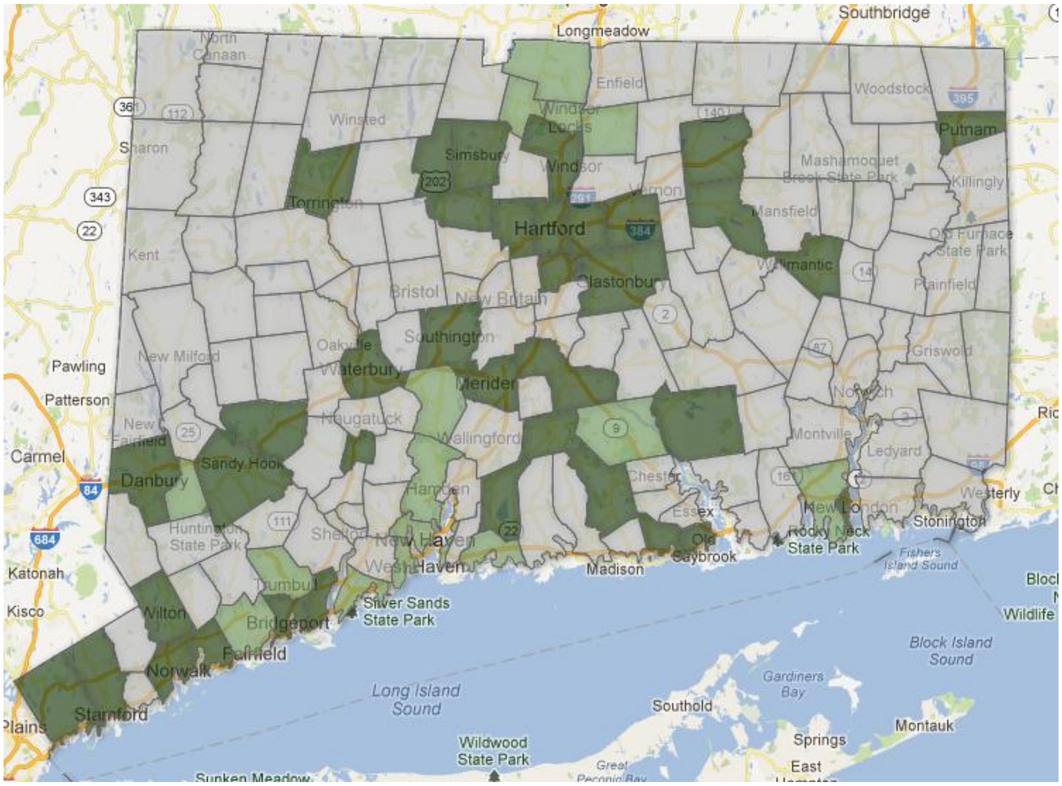
- C-PACE – Commercial Property Assessed Clean Energy (C-PACE) is an innovative financing program that is helping commercial, industrial and multi-family property owners access affordable, long-term financing for smart energy upgrades to their buildings. $20 million in CEFIA funds for C-PACE transactions was approved by the Board of Directors to finance clean energy upgrades in commercial properties. Using CEFIA funds to catalyze program growth, transactions will be sold down to Qualified Capital Providers to replenish CEFIA's funds. Because the building owners places a voluntary tax lien on their property to access this capital and agrees to repay the C-PACE assessment through their property tax bills, low-interest capital can be raised from the private sector. In other words, the structure of C-PACE allows the building itself to become the collateral in the loan, thereby enabling capital providers – both CEFIA and private lenders – to lend at lower rates for longer terms.

- The C-PACE program has been developing quickly since policy was passed in June 2012. The first towns joined the program in September 2012; the Program Guidelines were published in November and on January 24, 2013, the C-PACE program officially launched.

[2] Ratepayer capital at risk and administrative and program costs include all C-PACE projects, both efficiency and renewables. Therefore not all funds are at risk or spent to deploy kWh.

- **Municipal outreach**
  The C-PACE legislation requires that municipalities pass a resolution through their legislative body in order to enter into a legal agreement with CEFIA that requires that they collect the C-PACE assessment. As of May 28, 2013, 35 municipalities across the state, representing 50% of the eligible market, have signed legal agreements. The map below illustrates C-PACE enabled municipalities in dark green and municipalities joining soon in light green. The graph below demonstrates the steady progress the C-PACE program has made bringing new towns on board.





- **Capital Provider outreach**
  At the end of 2012, the C-PACE program issued a Request for Qualifications (RFQ) to capital providers interested in financing C-PACE transactions in Connecticut. The program now has 10 qualified capital providers. The capital providers are both originating deals and preparing to buy C-PACE transactions from CEFIA upon completion of the construction of the upgrade and the lien being placed on the property.

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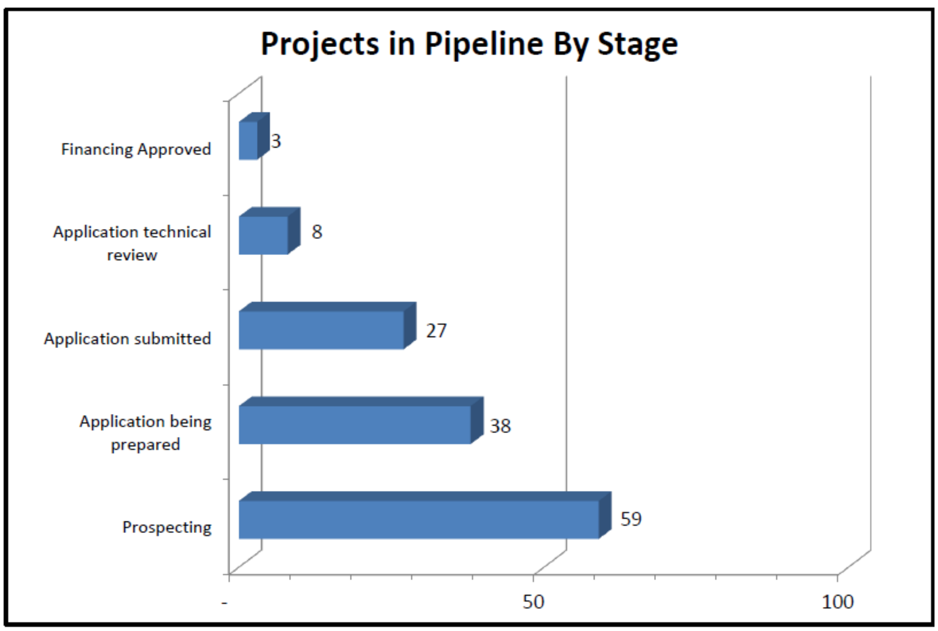
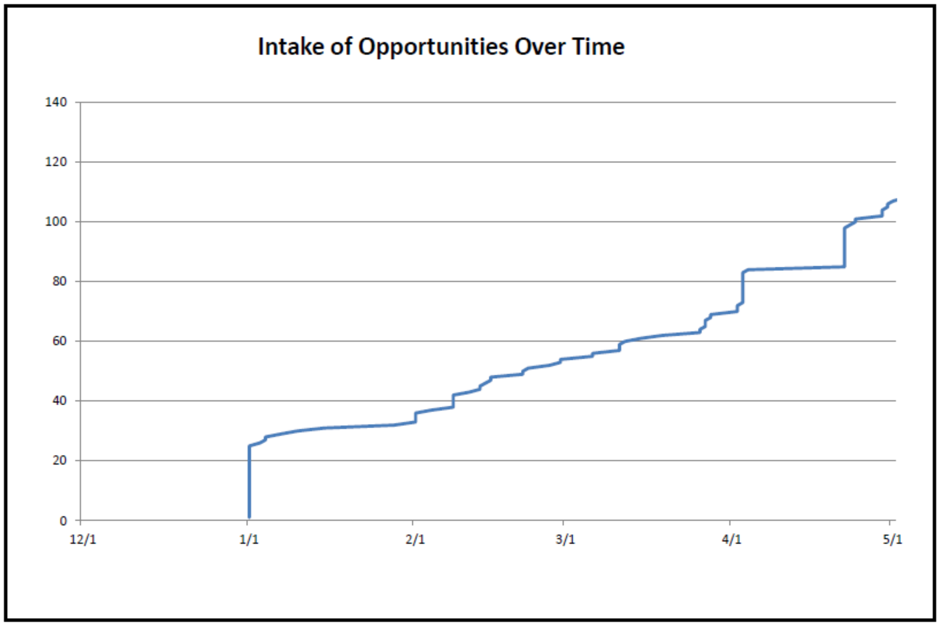
- **Contractor outreach**
  In March 2013, the C-PACE program ran 3 separate day-long training sessions to register qualified contractors in the C-PACE program. Over 150 contractors attended. The contractors learned about the requirements for the C-PACE program, from project eligibility to Measurement and Verification. As a result, the program has a growing list of trained contractors bringing in quality projects.

- **Deal flow update**
  As of May 2013, the Deployment Committee of the CEFIA board has approved $3.5M in C-PACE transactions. The C-PACE team plans to bring roughly $6.5M in proposed transaction to the July Deployment Committee meeting. If approved, the C-PACE program will have committed $11M within 5 months, on target with the $20M loan program the Board authorized in February.

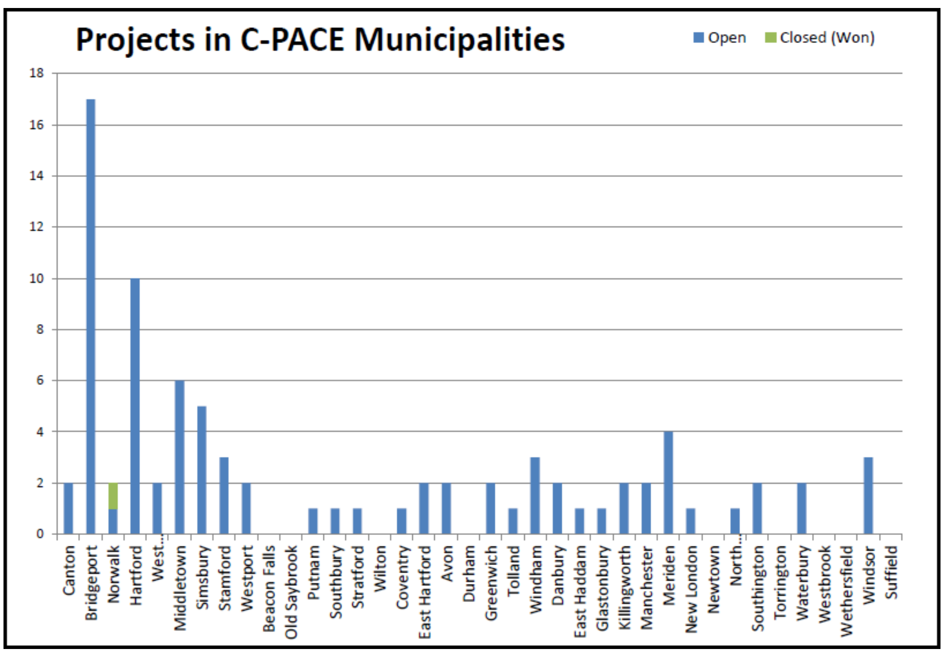
  - There are 135 deals in the pipeline, totaling roughly $51M in potential transactions. Of those, about 56%, or 76 transactions, are progressing towards financing. Others are in non-C-PACE towns, are located on buildings that will not meet underwriting criteria, or are being proposed by contractors who do not have the buy in from ownership.

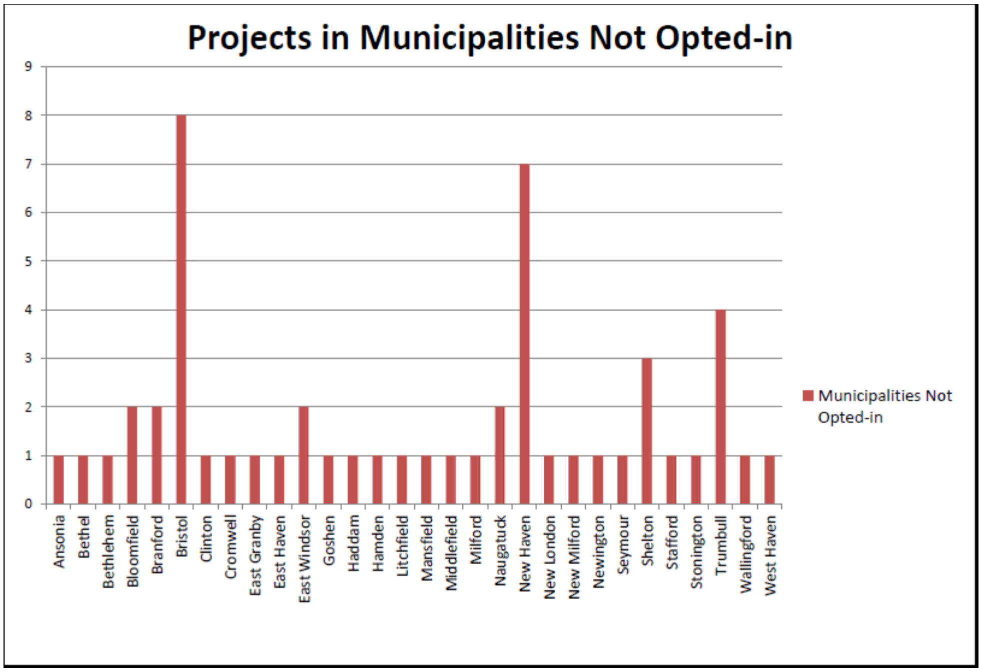


  - The intake of applications has grown steadily over time, with the quality of applications sharply increasing over time.



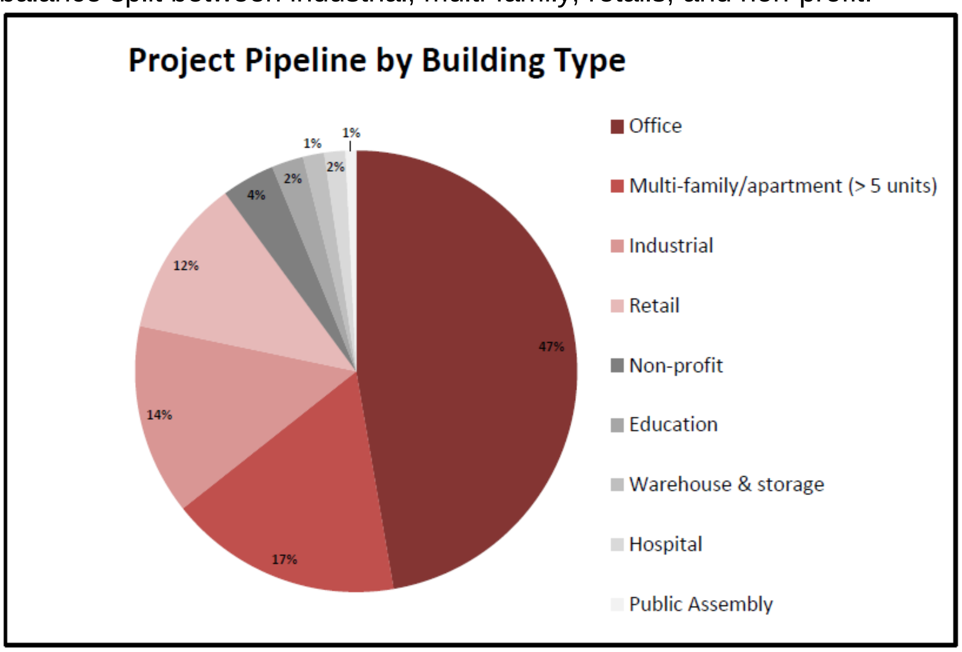
- The geographic diversity of the applications is spread throughout CT.





- About 50% of C-PACE applications are for energy efficiency upgrades; 36% for renewable energy systems (mostly solar); and 15% both.

- About 50% of C-PACE applications are from office buildings, with the balance split between industrial, multi-family, retails, and non-profit.



- Clean Energy Business Solutions – partnership with the Department of Economic and Community Development (DECD) to provide up to $5m to support companies that are strategically important for job creation and economic development reasons by providing targeted investment to help these companies achieve clean, cheaper, and more reliable energy. DECD identifies companies and funding levels and CEFIA works with the company to maximize energy savings or clean energy production.

Overall, the implementation of these 2 programs are progressing as projected.

Of these programs, the following is a breakdown of their contributions made thus far towards the performance target and the human resources required to implement them (see Table 3):

Table 3. Program Progress Made as of May 30, 2013

Key Metrics	C-PACE	Clean Energy Business Solutions	Total Program Progress
Date of Program Approval	Sep 2012	Sep 2012	
Date of Program Launch	Jan 2013		
Ratepayer Capital at Risk	$3,443,106	$250,000	$3,693,106
Private Capital	-	-	-
Deployed (MW)	0.1	-	0.1
# of Loans/Installations	5	1[3]	5
Lifetime Production (MWh)	2,376	-	2,376
Annual Saved (MMBtu)	9,008	-	9,008
Annual Saved ($)	$447,000	-	$447,000
Full Time Equivalent Staff	7.2	0.2	7.4
Program Expenses	$1,295,600	$120,900	$1,416,500

Lessons Learned

Based on the implementation of the Commercial and Industrial Sector Programs thus far, the following are the key lessons learned:

1. **Lender Consent** – The C-PACE policy requires that the mortgage lender consent to a senior lien being placed on the property to secure the C-PACE financing. Experience to date suggests it takes quite a bit of education for the mortgage lender to feel comfortable subordinating their position to the C-PACE assessment. CEFIA staff has spent many hours educating this important constituency on this challenge.

2. **No Benchmarking/Disclosure Policy** – In many successful energy finance programs around the country, mandatory benchmarking or energy disclosure policies are helping to drive demand. CT does not have robust benchmarking policies that require building owners to disclose their energy consumption. The lack of these policies limits demand for C-PACE financing.

3. **Uncertain ZREC market** – The C-PACE and ZREC program were essentially launched at the same time. The uncertainty in the small ZREC, the lottery, and in the medium/large ZREC, the reverse auction, has led to uncertainly among contractors about how to apply into the C-PACE program and, if so, at what price.

[3] Note – this project is also counted as a C-PACE project that is receiving construction financing from CEFIA. The total doesn't count two projects, but instead one.

4. **Property Tax Exemption** – Until recent legislation passed by the CT State Legislature on May 20, 2013, there was significant uncertainty as to how municipalities assessed solar projects on commercial properties. C-PACE staff anticipates that the clarity offered by the legislation – which exempts commercial solar from property tax beginning in 2014 – will be a very helpful enabler in promoting deal flow for C-PACE.

5. **Fragmented Real Estate Market** – Based on commissioned market research from HR&A advisors, CT has one of the most fragmented real estate markets in the country. This lack of concentration in building ownership multiplies the amount of marketing and outreach efforts by C-PACE staff necessary to penetrate the market.

6. **Few full service companies** – Connecticut does not have many "full service" energy companies that are fluent in both energy upgrades and financing. While states like California have industries set up around the financing programs they offer to building owners to do energy improvements, the newness of Connecticut's financing programs means that there are few full service companies fluent in upgrades and financing.

7. **New financial product** - Despite the security provided by the C-PACE lien structure, this is a new financial product in CT. As such, the CEFIA team is spending much of its time educating banks on the product. Many banks are trying to determine where in their institutions this product fits – small business lending or commercial real estate.

8. **DECD Education/Coordination** – CEFIA needs to work more closely with DECD to increase awareness of Clean Energy Business Solutions as an economic development tool and bring in more applications.

Commercial and Industrial Sector Programs FY 2014 Quarterly Targets

Of the 2 programs being implemented in the Commercial and Industrial Sector Programs, the following is a breakdown of the key quarterly targets for each program (see Tables 4):

Table 4. Number of Projects

Program	FY 2014 Q1 (Jul-Sep)	FY 2014 Q2 (Oct-Dec)	FY 2014 Q3 (Jan-Mar)	FY 2014 Q4 (Apr-Jun)
C-PACE	8	12	15	20
Clean Energy Business Solutions	1	1	1	1
Total	9	13	16	21

Table 5. Amount of Subsidies, Credit Enhancements, and Loans and Leases

Program	FY 2014 Q1 (Jul-Sep)	FY 2014 Q2 (Oct-Dec)	FY 2014 Q3 (Jan-Mar)	FY 2014 Q4 (Apr-Jun)
C-PACE	$4,000,000	$6,000,000	$7,500,000	$12,500,000
Clean Energy Business Solutions	$750,000	$750,000	$750,000	$750,000
Total	$4,750,000	$6,750,000	$8,250,000	$20,250,000

Table 6. Amount of Renewable Energy Deployed (MW)

Program	FY 2014 Q1 (Jul-Sep)	FY 2014 Q2 (Oct-Dec)	FY 2014 Q3 (Jan-Mar)	FY 2014 Q4 (Apr-Jun)
C-PACE	0.5	1.0	1.5	2.0
Clean Energy Business Solutions	-	-	-	-
Total	0.5	1.0	1.5	2.0

Table 7. Amount of Energy Saved (Annual MMBtu)

Program	FY 2014 Q1 (Jul-Sep)	FY 2014 Q2 (Oct-Dec)	FY 2014 Q3 (Jan-Mar)	FY 2014 Q4 (Apr-Jun)
C-PACE	10,000	12,000	28,000	50,000
Clean Energy Business Solutions	-	-	-	-
Total	10,000	12,000	28,000	50,000

To achieve these quarterly targets, the Commercial and Industrial Sector Programs will focus its programmatic expenses in the following areas:

Marketing to increase deal flow, for example:
Sector-based strategies like targeting YMCAs, shopping centers, and private schools.
Consultant support for owners interested in moving forward with C-PACE financing.
Campaigns and municipal efforts to build demand in key municipalities
Technical support to contractors and owners bringing applications into the program
Legal support to design financial agreements with capital providers

In its first 5 months of operation, the C-PACE program has been off to a strong start. Demonstrated by owner and contractor interest, the C-PACE financing option is attractive to CT building owners. As application process becomes better known to contractors, the C-PACE team anticipates a continued increase in applications. As deals are closed and “proof of concept” of this financing model is established, the program will grow.

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CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

Memo

To: Board of Directors
Clean Energy Finance and Investment Authority

From: Bryan Garcia, President and CEO, Bob Wall, Associate Director of Outreach, Robert Schmitt, Associate of Marketing and Outreach

Date: June 13, 2013

Re: Clean Energy Communities Program Revised to Focus on CEFIA's New Mission as a Green Bank

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Background and Summary

The Clean Energy Communities ("CEC") program was developed originally by the Connecticut Clean Energy Fund in 2005 to increase voluntary demand for clean energy. Over time, the program has evolved to support changing organizational objectives and has received multiple awards as a national best practice for marketing clean energy.[1]

In 2012, CEFIA entered into a formal partnership with the Connecticut Energy Efficiency Fund (CEEF) to create a single, community-based marketing and outreach program that engages Connecticut's cities and towns to commit to clean energy targets (i.e., 20% reduction in energy consumption by 2018) while promoting the deployment of clean energy among its businesses, institutions and households. To date, more than 60 communities have signed the Municipal Pledge. The program rewards cities and towns with iconic rewards (e.g., a solar PV system on a public library) for supporting clean energy deployment. Through the CEC program, municipalities have been "leading by example" in deploying clean energy, creating voluntary clean energy task forces to market clean energy, and generating significant local earned media in the press through their results. The CEC program has demonstrated strong results in terms of increasing customer participation in CEEF and CEFIA programs[2] while also better positioning Connecticut to compete and win federal grants including the Neighbor to Neighbor Energy Challenge ($4.1 million DOE Energy Efficiency Conservation Block Grant), Rooftop Solar Challenge ($480,000 DOE SunShot Initiative Grant) and Solar Energy Evolution and Diffusion Studies ($1.9 million DOE SunShot Initiative Grant). The CEC program has also served as the foundation and framework, through which new programs such as Solarize Connecticut℠ have been developed, communicated and launched.

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[1] Won the EPA and DOE Green Power Partnership Award in 2006 and the Clean Energy States Alliance Leadership Award in 2009.
[2] Climate Policy and Voluntary Initiatives: An Evaluation of the Connecticut Clean Energy Communities Program by Matthew Kotchen in the National Bureau of Economic Research (June 2010).

The CEC program has been modified by CEFIA in FY 2013 to align with its new mission of clean energy deployment and financing. The modifications are consistent with the Comprehensive Plan approved by this Board and the funding request is consistent with the FY 2014 Operations and Program Budget that will be recommended by the Budget and Operations Committee. The program now focuses on supporting the four (4) key sectors of CEFIA: residential, commercial and industrial, institutional, and statutory and infrastructure.

The revised program encourages the following actions by municipalities to ensure that they are "open for business" to support clean energy deployment, including municipal facility benchmarking:

Municipal Action Step	Substitution Value
Opting into C-PACE	10%
Adopting stretch building codes[3] and renewable friendly ordinances	1-10% (subjective depending on scope)
Adopting solar PV permitting guides	1-5% (subjective depending on how comprehensive improvements are)
Waving or capping permit fees	1-5% (subjective depending on how comprehensive improvements are)
Allowing online permitting	1-5% (subjective depending on how comprehensive improvements are)
Entering into energy savings performance contracts	1-5% (subjective depending on scope)
Undertaking outreach campaigns (e.g., Solarize, C-PACE)	1-5% (subjective depending on scope)

Under previous program rules, municipalities needed to meet a stated percentage of their clean energy commitment each year by purchasing Renewable Energy Credits (RECs) or installing renewable energy systems (provided that the RECs were held and retired by the municipality). We are now recommending that municipalities be allowed to satisfy some or all of the annual targets by taking one or more of the action steps outlined above (each action item would be worth a fixed percentage or a range of percentages depending on scope as set forth above). In addition, we recommend that municipalities be allowed to count the output of renewable energy systems regardless of whether they hold and retire the RECs. Allowing such substitutions by municipalities will facilitate greater deployment of clean energy and utilization of key financing opportunities in support of the four sectors of CEFIA.

The program provides points for actions taken by businesses, institutions, and households, including:

- Deployment of clean energy systems (e.g., solar PV and hot water systems, ground source heat pumps, fuel conversions, EV recharging stations)
- Generation of loan applications for financing programs
- Origination of loans through the financing program

[3] CEFIA intends to convene a stakeholder group including state and local government, utilities and industry experts to develop a proposed model stretch building code that, ultimately, would be presented to the legislature for official ratification. The Stretch Code would be an optional part of the state's building code that would require higher levels of energy efficiency in certain new buildings and major renovations than is required by the base code and would provide uniformity across the state among communities that want to require higher efficiency standards.

The volunteer clean energy task forces that were formed as a direct result of the original program have served as grass roots marketing agents to increase enrollments in the CTCleanEnergyOptions^sm program and adoption of solar PV systems and other renewable technologies. We now plan to re-enlist their support to promote new opportunities for a wider range of smart energy upgrades and build the pipeline for financing products among different customer segments.

Communities that have satisfied the program requirements, including meeting the annual municipal targets and certain thresholds of points (100 points earns 1 kW of solar PV or equivalent value of an alternative technology; there is a 2 kW minimum installation requirement), receive performance-based incentives from CEFIA that acknowledge the municipality's leadership in supporting clean energy. Historically, most communities have received solar PV systems under this program but the revised program would allow substitutions of an equivalent value of other technologies, including solar-powered EV charging stations, trash compactors and LED lighting.

In addition, we propose to establish a new competitive reward of 3 kW of solar PV (or equivalent value) based upon overall achievement in support for clean energy. This award would be given annually to large, medium and small communities as adjudged by a panel of staff and external experts. We also recommend maintaining a bonus reward of 1 kW of solar PV (or equivalent value) for achievement of EPA Green Power Community status for meeting community-wide targets of clean energy use.

Staff has performed an analysis of the point projections based on attainment of the deployment and financing goals of the four sectors through FY 2014 and believes that the proposed budget will be sufficient to support the incentives earned under the revised program (keeping in mind that not all communities will have signed the pledge or satisfied all of the municipal requirements).

It should be noted that communities can simultaneously earn "Bright Idea Grants" from CEEF for energy saving projects by achieving milestones on the Energy Efficiency track of the joint program. These milestones include performing energy benchmarking in municipal facilities, developing a "Municipal Action Plan" and achieving points for participation in residential and commercial energy efficiency programs.

The CEC program is now in alignment with the deployment and financing mission of CEFIA and will serve to improve the overall performance of programs within each sector of the organization.

RESOLUTIONS

WHEREAS, Clean Energy Finance and Investment Authority (CEFIA) proposes to revise its Clean Energy Communities Program so as to encourage municipalities to take actions to support clean energy deployment and to motivate residential, commercial, industrial and institutional customers to make smart energy choices, including the adoption of renewable energy systems, energy efficiency upgrades, fuel conversions, and utilize CEFIA's innovative financing products; and

WHEREAS, the Budget and Operations Committee has reviewed CEFIA's Proposed FY2014 Operating and Program Budget and intends to recommend its approval to the Board of Directors;

NOW, therefore be it:

(1) **RESOLVED**, that the Board of Directors approve as part of the FY 2014 Operating and Program Budget funding in the amount of Five Hundred Fifty Thousand Dollars ($550,000) to implement the revised Clean Energy Communities Program focused on CEFIA's new mission as a Green Bank (the "Program");

(2) **RESOLVED**, that staff will develop and publish revised Program Guidelines consistent with the Memorandum to the Board of Directors dated June 13, 2013;

(3) **RESOLVED**, that 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 effectuate such financing on such terms and conditions as he or she shall deem to be consistent with the Program and in the best interests of CEFIA and the ratepayers; and

(4) **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 or instruments.

Clean Energy Finance and Investment Authority
FY 2014 Operating and Program Budget
Table of Contents
As of 5/31/2013

Clean Energy Finance and Investment Authority

FY14 Operations and Program Budget

Schedule of Program/Credit Enhancements/Incentives

FY2014

(000's)

Loans

		FY14 Budget	FY13 Budget	Est. 06/30/13
Grid tied loan program		$ 3,500.0	$ 8,000.0	$ 3,800.0
Legacy - Alpha/Op Demo program		$ 1,335.0	$ 2,350.0	$ -
		$ 4,835.0	$ 10,350.0	$ 3,800.0
Campus Efficiency NOW loan program		$ 875.0	$ 1,000.0	$ 125.0
AD/CHP		$ 2,500.0	$ -	$ -
WINN LISC program		$ 1,875.0	$ 125.0	$ 125.0
CPACE loan program		$ 25,000.0	$ 1,000.0	$ 575.0
Residential solar lease PV program	*	$ 3,600.0	$ 395.5	$ 4,000.0
Institutional solar lease (MUSH) program	*	$ 675.0	$ 105.0	$ 750.0
Residential solar lease SHW program	*	$ 225.0	$ 29.0	$ 250.0
Residential solar loan program		$ 2,803.9	$ 550.6	$ 288.1
Energy Efficiency Loan Program		$ 5,000.0	$ 232.6	$ -
Solar PV Capital Competition		$ 1,000.0	$ -	$ -
Clean Energy Business Solutions		$ -	$ 2,000.0	$ -
Micro Grid program		$ 5,000.0	$ -	$ -
		$ 48,553.9	$ 5,437.7	$ 6,113.1
Total Loans		$ 53,388.9	$ 15,787.7	$ 9,913.1

*** 6/30/13 includes $2.3 M in subordinated debt.**
6/30/14 amounts are solely equity contributions.

Provisions for Loan Losses

	Loss Ratio	FY14 Budget	FY13 Budget	Est. 06/30/13
Grid tied loan program	10%	$ 350.0	$ 800.0	$ 380.0
Legacy - Alpha/Op Demo program	50%	$ 667.5	$ 1,225.0	$ -
		$ 1,017.5	$ 2,025.0	$ 380.0
Campus Efficiency NOW loan program	10%	$ 87.5	$ 100.0	$ 12.5
AD/CHP	0%	$ -	$ -	$ -
WINN LISC program	10%	$ 187.5	$ 12.5	$ 12.5
CPACE loan program	5%	$ 1,250.0	$ 100.0	$ 28.8
Residential solar lease PV program (1)	**	$ -	$ 19.8	$ 92.0
Commercial solar lease (MUSH) program	**	$ -	$ 2.9	$ 17.0
Residential solar lease SHW program (1)	**	$ -	$ 1.4	$ 6.0
Residential solar loan program (1)	5%	$ 140.2	$ 27.5	$ 14.4
Energy Efficiency Loan Program	5%	$ 250.0	$ 11.6	$ -
Solar PV Capital Competition	0%	$ -		$ -
Clean Energy Business Solutions	0%	$ -	$ 200.0	$ -
Microgrid program	10%	$ 500.0	$ -	$ -
		$ 2,415.2	$ 475.7	$ 183.2
Total Provision for Loan Losses		$ 3,432.7	$ 2,500.7	$ 563.2

**** No provision against equity, only against subordinated debt at 6/30/2013**

(1) Supported by ARRA-SEP loan Loss Reserve

Credit Enhancements

<u>LLR and IRB programs:</u>

<u>NOTE</u>: Loan Loss Reserves (LLR) are "credit enhancement" mechanisms provided to incentivize lenders into a loan fund. Until a "loss" which utilizes the reserve occurs, the reserve is on CEFIA's books either (a) in restricted cash held by CEFIA or (b) paid to others in which case it is still "restricted cash" but held by others. Setting up the reserve is a cash movement, balance sheet phenomenon. There is NO P&L effect to establish a Loan Loss Reserve - only "actual losses" hit the P&L. If a loss occurs, the restricted cash is reduced, and the P&L is charged a "loss" in equal amount.

An interest rate buydown (IRB) is a "yield enhancement" sum in cash paid to the lender in order for the loan rate to the end use borrower to be reduced. When the IRB is paid, cash is reduced and

Clean Energy Finance and Investment Authority

FY14 Operations and Program Budget

Schedule of Program/Credit Enhancements/Incentives

FY2014

(000's)

the P&L is charged in equal amount reflecting an "incentive expense".

	FY14 Budget	FY13 Budget	Est. 06/30/13
Loan Loss Reserves - Third Party Loans			
Loan Loss Reserve -Lease Programs (using ARRA funds)	$ -	$ 424.5	$ 3,500.0
Loan Loss Reserve -Lease Programs (using CEFIA funds)	$ -	$ 105.0	$ -
Loan Loss Reserve -Res. Solar Loans (using ARRA funds)	$ -	$ 206.5	$ 300.0
Loan Loss Reserve -Smart-E Loans (using ARRA funds)	$ 2,300.0	$ 87.2	$ 200.0
Loan Loss Reserve -Smart-E Loans (using CEFIA funds)	$ -	$ -	$ -
Loan Loss Reserve -HDF/CHIF (using ARRA funds)	$ 225.0	$ 500.0	$ 360.0
Loan Loss Reserve -CPACE Loans (using CEFIA funds)	$ 3,000.0	$ 1,000.0	$ -
	$ 5,525.0	**$ 2,323.2**	**$ 4,360.0**
Contingent liabilities disclosed in FN not recorded in P&L.			

Interest Rate Buydowns	FY14 Budget	FY13 Budget	Est. 06/30/13
Interest rate buydown - HDF/CHIF (using ARRA funds)	$ -	$ 250	$ 50

Financial Incentives - Grants and Rebates

	FY14 Budget	FY13 Budget	Expenditures thru 3/31/13
Alpha Program	$ -	$ 100.0	$ 45.0
Anaerobic Digestor Pilot	$ 1,000.0	$ 2,000.0	$ -
CHP Pilot	$ 2,000.0	$ 2,000.0	$ -
Clean Energy Business Solutions	$ 3,000.0	$ 5,000.0	$ -
Clean Energy Communities	$ 550.0	$ 650.0	$ 37.3
Community Innovation Grants	$ 75.0	$ 200.0	$ -
Condo Renewable Energy Grants	$ -	$ 50.0	$ -
Education & Training	$ -	$ 400.0	$ 25.9
Project Opportunity/Strategic Investment Fund	$ 500.0	$ 600.0	$ -
Residential Solar PV rebates	$ 9,200.0	$ 9,333.0	$ 3,179.7
Sunrise New England inkind contribution	$ -	$ 48.0	$ 40.0
	$ 16,325.0	$ 20,381.0	$ 3,327.9
Pre FY13 Legacy Commitments	$ 8,000.0	$ 28,000.0	$ 7,992.5
	$ 24,325.0	$ 48,381.0	$ 11,320.4

Clean Energy Finance and Investment Authority

FY 14 Operations and Program Budget

Statement of Income and General Operations and Program Expenses

(in thousands)

	FY 2014			FY 2013				
	General Operations	**Total Programs**	**Total Operations & Program Budget**	**General Operations**	**Total Programs**	**Total Operations & Program**	**Inc(Dec)**	**% Inc.**
Income								
Utility customer assessments	$ 27,600.0	$ -	$ 27,600.0	$ 27,850.0	$ -	$ 27,850.0	$ (250.00)	-0.9%
RGGI auction proceeds	$ 5,900.0	$ -	$ 5,900.0	$ 2,000.0	$ -	$ 2,000.0	$ 3,900.00	195.0%
RGGI proceeds additional sources	$ 12,800.0	$ -	$ 12,800.0	$ -	$ -	$ -	$ 12,800.00	
Interest on bank deposits	$ 100.0	$ -	$ 100.0	$ 120.0	$ -	$ 120.0	$ (20.00)	-16.7%
Interest Income - Solar Lease I Portfolio, net of fees	$ 110.0	$ -	$ 110.0	$ 150.0	$ -	$ 150.0	$ (40.00)	-26.7%
Grant income (Federal Programs)	$ -	$ 300.0	$ 300.0	$ -	$ 2,156.5	$ 2,156.5	$ (1,856.50)	-86.1%
Renewable Energy Credits,net of fees	$ 50.0	$ -	$ 50.0	$ 50.0	$ -	$ 50.0	$ -	
Other income	$ 100.0	$ -	$ 100.0	$ 75.0	$ -	$ 75.0	$ 25.00	33.3%
Total revenues:	$ 46,660.0	$ 300.0	$ 46,960.0	$ 30,245.0	$ 2,156.5	$ 32,401.5	$ 14,558.5	44.9%
Expenses								
Compensation								
-Salaries & Wages - CEFIA Employees	$ 601.3	$ 2,701.9	$ 3,303.2	$ 1,089.8	$ 1,741.6	$ 2,831.4	$ 471.77	16.7%
-Salaries & Wages - CI Shared Services	$ 430.3	$ -	$ 430.3	$ 361.4	$ 15.4	$ 376.8	$ 53.52	14.2%
-Employee Benefits - CEFIA Employees	$ 398.4	$ 1,790.0	$ 2,188.3	$ 675.7	$ 1,079.8	$ 1,755.5	$ 432.85	24.7%
-Employee Benefits - CI Shared Services	$ 309.8	$ -	$ 309.8	$ 224.3	$ 9.3	$ 233.6	$ 76.23	32.6%
-Temporary employees	$ 30.0	$ 40.0	$ 70.0	$ 25.0	$ -	$ 25.0	$ 45.00	180.0%
Consulting and professional fees								
- Legal	$ 35.0	$ 285.0	$ 320.0	$ 35.0	$ 270.0	$ 305.0	$ 15.00	4.9%
- Accounting & Audit	$ 45.0	$ -	$ 45.0	$ 25.0	$ -	$ 25.0	$ 20.00	80.0%
- Consulting fees	$ 20.0	$ 1,109.2	$ 1,129.2	$ 85.0	$ 1,025.0	$ 1,110.0	$ 19.17	1.7%
- Project Inspection Fees		$ 306.4	$ 306.4	$ -	$ 318.3	$ 318.3	$ (11.88)	-3.7%
Marketing/External relations	$ 276.0	$ 1,522.5	$ 1,798.5	$ 311.1	$ 1,057.5	$ 1,368.6	$ 429.90	31.4%
EM&V		$ 430.0	$ 430.0	$ -	$ 305.0	$ 305.0	$ 125.00	41.0%
Rent and location related expenses								
-Rent/Utilities/Maintenance	$ 48.8	$ 219.2	$ 268.0	$ 48.4	$ 229.5	$ 277.9	$ (9.90)	-3.6%
-Telephone/Communications	$ 11.6	$ 51.9	$ 63.5	$ 9.5	$ 44.8	$ 54.3	$ 9.20	16.9%
-Depreciation FF&E	$ 31.1	$ 139.9	$ 171.0	$ 16.3	$ 76.6	$ 92.9	$ 78.10	84.1%
Office, computer & other expenses								
-Office expense	$ 15.5	$ 69.5	$ 85.0	$ 13.8	$ 65.0	$ 78.8	$ 6.20	7.9%
-IT operations	$ 10.9	$ 381.6	$ 392.5	$ 10.7	$ 205.3	$ 216.0	$ 176.50	81.7%
-Training/education/subsriptions	$ 51.0	$ 70.8	$ 121.8	$ 62.8	$ 60.0	$ 122.8	$ (1.00)	-0.8%
-Travel,meeting& related expenses	$ 85.0	$ 127.6	$ 212.6	$ 63.2	$ 100.0	$ 163.2	$ 49.40	30.3%
-Insurance	$ 62.0	$ -	$ 62.0	$ 58.1	$ -	$ 58.1	$ 3.90	6.7%
Expenses before Financial Incentives:	$ 2,461.7	$ 9,245.5	$ 11,707.2	$ 3,115.1	$ 6,603.1	$ 9,718.2	$ 1,989.0	20.5%
Federal (N2N)Grant expenditures		$ 300.0	$ 300.0	$ -	$ 1,707.0	$ 1,707.0	$ (1,407.00)	
Financial Incentives- Grants and Rebates		$ 16,325.0	$ 16,325.0	$ -	$ 20,281.0	$ 20,281.0	$ (3,956.00)	
Interest Rate Buydowns		$ -	$ -	$ -	$ 250.0	$ 250.0	$ (250.00)	
Provision for Loan Loss		$ 3,432.7	$ 3,432.7	$ -	$ 2,500.70	$ 2,500.7	$ 932.00	
Financial Incentives:	$ -	$ 20,057.7	$ 20,057.7	$ -	$ 24,738.7	$ 24,738.7	$ (4,681.0)	-18.9%
Total Expenditures:	$ 2,461.7	$ 29,303.2	$ 31,764.9	$ 3,115.1	$ 31,341.8	$ 34,456.9	$ (2,692.0)	-7.8%
Total Expenditures over Revenue:			$ 15,195.1			$ (2,055.4)		

CEFIA
FY14 Operating and Program Budget
Compensation Allocations & FTE's by Program
(in thousands)

Summary	General Ops	AD	CHP	MicroGrid	RSPIP	Grid-Tied	SmartE/Cozy/ EE Loans	Solar Lease II (PV & SHX)	Solar Loan	CPACE	CEBS	Project Oppurtunity/ Startegic Investments	Campus Efficiency NOW	Institutional Lease Program	Winn-LISC	LBE	Alpha/Op Demo/Legacy Programs	CE Communities	Community Innovation Grants	Solarize	Green Loan Guaranty Fund	
Total Direct Labor by Program	$ 601,293	$ 67,154	$ 67,154	$ 54,933	$ 399,838	$ 49,578	$ 390,587	$ 236,519	$ 87,345	$ 670,186	$ 24,225	$ 24,150	$ 95,213	$ 76,483	$ 137,858	$ 35,688	$ 78,378	$ 80,655	$ 17,990	$ 107,941	$ -	$ 3,303,168
Labor Fringe @ 66.25%	$ 398,357	$ 44,490	$ 44,490	$ 36,393	$ 264,893	$ 32,845	$ 258,764	$ 156,694	$ 57,866	$ 443,998	$ 16,049	$ 15,999	$ 63,079	$ 50,670	$ 91,331	$ 23,643	$ 51,925	$ 53,434	$ 11,918	$ 71,511	$ -	$ 2,188,349
	$ 999,650	$ 111,644	$ 111,644	$ 91,326	$ 664,730	$ 82,423	$ 649,351	$ 393,212	$ 145,212	$ 1,114,185	$ 40,274	$ 40,150	$ 158,292	$ 127,153	$ 229,189	$ 59,331	$ 130,303	$ 134,090	$ 29,909	$ 179,451	$ -	$ 5,491,517
Total Hours by Program	11,960.0	1,196.0	1,196.0	936.0	10,764.0	884.0	7,332.0	4,544.0	1,612.0	14,508.0	416.0	416.0	1,716.0	1,300.0	2,340.0	520.0	1,976.0	1,872.0	416.0	2,496.0	-	68,400.0
Total FTE by Program	5.8	0.6	0.6	0.5	5.2	0.4	3.5	2.2	0.8	7.0	0.2	0.2	0.8	0.6	1.1	0.3	1.0	0.9	0.2	1.2	-	32.9
DL & Fringe per Hour by Program	$ 83.58	$ 93.35	$ 93.35	$ 97.57	$ 61.75	$ 93.24	$ 88.56	$ 86.53	$ 90.08	$ 76.80	$ 96.81	$ 96.51	$ 92.24	$ 97.81	$ 97.94	$ 114.10	$ 65.94	$ 71.63	$ 71.90	$ 71.90		

Allocation of Overheads to Programs:

		General Ops	AD	CHP	MicroGrid	RSPIP	Grid-Tied	SmartE/Cozy/ EE Loans	Solar Lease II (PV & SHX)	Solar Loan	CPACE	CEBS	Project Oppurtunity/ Startegic Investments	Campus Efficiency NOW	Institutional Lease Program	Winn-LISC	LBE	Alpha/Op Demo/Legacy Programs	CE Communities	Community Innovation Grants	Solarize	Green Loan Guaranty Fund	
Total Direct Labor by Program		$ 601,293	$ 67,154	$ 67,154	$ 54,933	$ 399,838	$ 49,578	$ 390,587	$ 236,519	$ 87,345	$ 670,186	$ 24,225	$ 24,150	$ 95,213	$ 76,483	$ 137,858	$ 35,688	$ 78,378	$ 80,655	$ 17,990	$ 107,941	$ -	$ 3,303,168
General Overheads	Total Budget Amt																						
Rent/Utilities/Maintainance	$ 268.0	$ 48.8	$ 5.4	$ 5.4	$ 4.5	$ 32.4	$ 4.0	$ 31.7	$ 19.2	$ 7.1	$ 54.4	$ 2.0	$ 2.0	$ 7.7	$ 6.2	$ 11.2	$ 2.9	$ 6.4	$ 6.5	$ 1.5	$ 8.8	$ -	$ 268.0
Telephone/Communications	$ 63.5	$ 11.6	$ 1.3	$ 1.3	$ 1.1	$ 7.7	$ 1.0	$ 7.5	$ 4.5	$ 1.7	$ 12.9	$ 0.5	$ 0.5	$ 1.8	$ 1.5	$ 2.7	$ 0.7	$ 1.5	$ 1.6	$ 0.3	$ 2.1	$ -	$ 63.5
Depreciation	$ 171.0	$ 31.1	$ 3.5	$ 3.5	$ 2.8	$ 20.7	$ 2.6	$ 20.2	$ 12.2	$ 4.5	$ 34.7	$ 1.3	$ 1.3	$ 4.9	$ 4.0	$ 7.1	$ 1.8	$ 4.1	$ 4.2	$ 0.9	$ 5.6	$ -	$ 171.0
Office Expenses	$ 85.0	$ 15.5	$ 1.7	$ 1.7	$ 1.4	$ 10.3	$ 1.3	$ 10.1	$ 6.1	$ 2.2	$ 17.2	$ 0.6	$ 0.6	$ 2.5	$ 2.0	$ 3.5	$ 0.9	$ 2.0	$ 2.1	$ 0.5	$ 2.8	$ -	$ 85.0
IT Operations	$ 60.0	$ 10.9	$ 1.2	$ 1.2	$ 1.0	$ 7.3	$ 0.9	$ 7.1	$ 4.3	$ 1.6	$ 12.2	$ 0.4	$ 0.4	$ 1.7	$ 1.4	$ 2.5	$ 0.6	$ 1.4	$ 1.5	$ 0.3	$ 2.0	$ -	$ 60.0
	$ 647.5	$ 117.9	$ 13.2	$ 13.2	$ 10.8	$ 78.4	$ 9.7	$ 76.6	$ 46.4	$ 17.1	$ 131.4	$ 4.7	$ 4.7	$ 18.7	$ 15.0	$ 27.0	$ 7.0	$ 15.4	$ 15.8	$ 3.5	$ 21.2	$ -	$ 647.5
Program Specific Budgets																							
Rent/Utilities/Maintainance	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Telephone/Communications	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Depreciation	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Office Expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
IT Operations	$ 332.50	$ -	$ -	$ -	$ -	$ 150.0	$ -	$ 115.0	$ 37.5	$ -	$ 30.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
	$ 332.50	$ 117.9	$ 13.2	$ 13.2	$ 10.8	$ 228.4	$ 9.7	$ 191.6	$ 83.9	$ 17.1	$ 161.4	$ 4.7	$ 4.7	$ 18.7	$ 15.0	$ 27.0	$ 7.0	$ 15.4	$ 15.8	$ 3.5	$ 21.2	$ -	

Clean Energy Finance and Investment Authority
Statement of Revenues, Expenses
and Changes in Net Assets
FY 14 Operations and Program Budget
(000's)

Total Net Assets	**6/30/2013**		$	79,096.6
FY 2014 expenses over income:				15,326.6
Utility customer assessments	27,600.0			
Interest income	260.0			
RGGI auction proceeds	18,700.0			
Grant income	300.0			
Other income	150.0			
		47,010.0		
Compensation	(6,462.7)			
Consulting and professional fees	(1,494.2)			
Marketing/External relations	(1,568.5)			
Project Inspection fees	(306.4)			
EM&V	(430.0)			
Rent and location related expenses	(490.0)			
Office, computer & other expenses	(873.9)			
		(11,625.7)		
Provision for Loan Loss - New Programs	(2,415.2)			
Residential Solar PV rebates	(9,200.0)			
Anaerobic Digestor Pilot	(1,000.0)			
CHP Pilot	(2,000.0)			
Maintained Programs	(625.0)			
		(15,240.2)		
NOTE: Subtotal, Recurring Programs		20,144.1		
Clean Energy Business Solutions	(3,000.0)			
Transition & Other	(500.0)			
Federal Grants	(300.0)			
Loan Loss Reserve - Grid Tied, Op Demo & Alpha Loans	(1,017.5)			
NOTE: Subtotal, Non-Recurring/Special Programs		(4,817.5)		
Bond Funds Received in FY14			$	-
State of Connecticut Transfer from CEFIA			$	(6,200.0)
Expenditures grants and rebates approved prior to FY14			$	(8,000.0)
Other			$	203.1
Total Net Assets	**6/30/2014**		$	80,426.3

Clean Energy Finance and Investment Authority

Statement of Cash Flows

FY 14 Operations and Program Budget

(000's)

	Actual as of 3/31/2013	**(Projected) (3M) Q4**	**(Projected) Fiscal Year 6/30/2013**	**(Budgeted) Fiscal Year 6/30/2014**
Cash flows from operating activities				
CASH IN:				
Proceeds from utility customer assessments	21,188.1	6,900.0	$ 28,088.1	$ 27,600.0
Proceeds from RGGI auctions	2,056.9	1,940.8	$ 3,997.7	$ 5,900.0
Proceeds from RGGI additional sources	-	-	$ -	$ 12,800.0
Proceeds from grants	1,308.1	700.0	$ 2,008.1	$ 300.0
Proceeds from RECs/other income	250.5	20.0	$ 270.5	$ 150.0
Proceeds from Interest on deposits,investments, solar lease notes	185.1	65.0	$ 250.1	$ 260.0
Proceeds from State Bonds	-	-	$ -	$ -
CASH OUT:				
Expenditures General and Program Administration	(4,737.8)	(3,750.0)	$ (8,487.8)	$ (10,500.0)
Expenditures third party grants (LBE,N2N,Sunrise)	(1,103.3)	(521.6)	$ (1,624.9)	$ (300.0)
Expenditures grants and rebates approved prior to FY13	(7,899.0)	(5,750.0)	$ (13,649.0)	$ (8,000.0)
Expenditures grants and rebates -other programs	(5,160.6)	(5,500.0)	$ (10,660.6)	$ (5,100.0)
Expenditures residential solar lease PV program- rebates	-	(732.4)	$ (732.4)	$ (4,750.0)
Expenditures residentail solar loan program-rebates	-	(189.0)	$ (189.0)	$ -
Expenditures-Credit Enhancement IRB	-	(50.0)	$ (50.0)	$ -
Net cash used by operating activities	$ 6,088.0	$ (6,867.2)	$ (779.2)	$ 18,360.0
Cash flows from investing activities				
LOAN RECOVERY				
Return of principal on solar lease V1 promissory notes	495.9	165.0	$ 660.9	$ 720.0
Proceeds from residential solar loan program	-	-	$ -	$ 75.0
Proceeds from WINN LISC program	-	-	$ -	$ -
Proceeds from Campus Efficiency NOW program	-	-	$ -	$ -
Proceeds from EEloan programs	-	-	$ -	$ -
	495.9	165.0	660.9	795.0
LOAN DISBURSEMENTS				
AD/CHP programs	-	-	$ -	$ (2,500.0)
Alpha & Op Demo programs	-	-	$ -	$ (1,335.0)
Campus Efficiency NOW programs	-	(125.0)	$ (125.0)	$ (875.0)
Commercial solar lease (MUSH) program	-	(350.0)	$ (350.0)	$ -
CPACE program	-	(575.0)	$ (575.0)	$ (25,000.0)
Energy Efficiency Loan programs	-	(232.6)	$ (232.6)	$ (5,000.0)
Grid tied program	-	(3,800.0)	$ (3,800.0)	$ (3,500.0)
MicroGrid program	-	-	$ -	$ (5,000.0)
Residential solar lease SHW program	-	(250.0)	$ (250.0)	$ -
Residential solar lease PV program	-	(1,700.0)	$ (1,700.0)	$ -
Residential solar loan program	-	(288.1)	$ (288.1)	$ (2,803.9)
Solar PV Capital Competition	-	-	$ -	$ (1,000.0)
WINN LISC program	-	(125.0)	$ (125.0)	$ (1,875.0)
	-	(7,445.7)	(7,445.7)	(48,888.9)
EQUITY INVESTMENTS				
Commercial solar lease (MUSH) program	-	(400.0)	$ (400.0)	$ (675.0)
Residential solar lease SHW program	-	-	$ -	$ (225.0)
Residential solar lease PV program	-	(2,300.0)	$ (2,300.0)	$ (3,600.0)
	-	(2,700.0)	(2,700.0)	(4,500.0)
Net cash used by investing activities	$ 495.9	$ (9,980.7)	$ (9,484.8)	$ (52,593.9)
Cash flows from capital activities				
Purchase of furniture,equipment & software	(59.1)	(50.0)	$ (109.1)	$ (25.0)
Net cash used in operating,investing and capital activities	6,524.7	(16,897.9)	$ (10,373.1)	$ (34,258.9)
State of Connecticut Transfer from CEFIA	$ -	$ -	$ -	$ (6,200.0)
Cash and cash equiv., Beginning of Period	73,213.5	79,738.2	$ 73,213.5	$ 62,840.4
Cash and cash equiv., End of Period	$ 79,738.2	$ 62,840.4	$ 62,840.4	$ 22,381.5
UNRESTRICTED CASH:	$ 71,363.8	$ 54,465.0	$ 54,465.0	$ 11,007.0
RESTRICTED CASH FEDERAL FUNDS FOR ARRA SEP:	$ 8,374.5	$ 8,374.5	$ 8,374.5	$ 11,374.5
	$ 79,738.3	$ 62,839.5	$ 62,839.5	$ 22,381.5

Clean Energy Finance and Investment Authority

FY 14 Operations and Program Budget

Statement of Net Assets

(000's)

	Actual 6/30/2012	YTD 3/31/2013	Projected 6/30/2013	Budgeted 6/30/2014
Assets				
Current assets				
Cash and cash equivalents (Unrestricted)	$ 64,672.9	$ 71,330.7	$ 54,465.0	$ 11,007.0
Utility receivables	$ 2,580.0	$ 2,677.6	$ 2,200.0	$ 2,200.0
Accounts receivable	$ 725.3	$ 1,492.1	$ 575.0	$ 1,200.0
Other current assets	$ 350.3	$ 46.9	$ 200.0	$ 200.0
Total current assets	$ 68,328.5	$ 75,547.3	$ 57,440.0	$ 14,607.0
Noncurrent assets				
Investments				
Promissory notes - solar lease program V1	$ 12,036.6	$ 11,578.0	$ 11,431.0	$ 10,711.0
Loan loss reserve - solar lease program V1	$ (300.9)	$ (285.2)	$ (285.8)	$ (214.2)
Promissory notes - solar lease program V2	$ -	$ -	$ 2,300.0	$ 2,300.0
Loan loss reserve - solar lease program V2	$ -	$ -	$ (115.0)	$ (115.0)
Promissory notes - solar loan program	$ -	$ -	$ 288.1	$ 3,092.0
Loan loss reserve - solar loan program	$ -	$ -	$ (14.4)	$ (154.6)
Promissory notes - WIN LISC program	$ -	$ -	$ 125.0	$ 2,000.0
Loan loss reserve - WIN LISC program	$ -	$ -	$ (12.5)	$ (200.0)
Promissory notes - Campus Efficiency NOW program	$ -	$ -	$ 125.0	$ 1,000.0
Loan loss reserve - Campus Efficiency NOW program	$ -	$ -	$ (12.5)	$ (100.0)
Promissory notes - Energy Efficiency Loan programs	$ -	$ -	$ -	$ 5,000.0
Loan loss reserve - Energy Efficiency Loan programs	$ -	$ -	$ -	$ (250.0)
Promissory notes - CPACE program	$ -	$ -	$ 575.0	$ 25,575.0
Loan loss reserve - CPACE program	$ -	$ -	$ (28.8)	$ (1,278.8)
Promissory notes - Alpha/Op Demo programs	$ -	$ -	$ -	$ 1,335.0
Loan loss reserve - Alpha/Op Demo programs	$ -	$ -	$ -	$ (667.5)
Promissory notes - Grid tied program	$ -	$ -	$ 3,800.0	$ 7,300.0
Loan loss reserve - Grid tied program	$ -	$ -	$ (380.0)	$ (730.0)
Promissory notes - AD/CHP programs	$ -	$ -	$ -	$ 2,500.0
Loan loss reserve - AD/CHP programs	$ -	$ -	$ -	$ -
Promissory notes - Solar PV Capital Competition program	$ -	$ -	$ -	$ 1,000.0
Loan loss reserve - Solar PV Capital Competition program	$ -	$ -	$ -	$ -
Promissory notes - Micro Grid program	$ -	$ -	$ -	$ 5,000.0
Loan loss reserve - Micro Grid program	$ -	$ -	$ -	$ (500.0)
Equity Investment/Solar Lease program	$ -	$ -	$ 2,700.0	$ 4,500.0
Equity/Debt investments (pre FY13)	$ 2,155.5	$ 2,000.0	$ 2,000.0	$ 2,000.0
Investments-REC's	$ 1,324.6	$ 1,324.6	$ 1,450.0	$ 1,500.0
Capital assets	$ 91.3	$ 129.7	$ 200.0	$ 200.0
Furniture,Equipment & L/H Improvements				
Cash and cash equivalents (Restricted)	$ 8,540.6	$ 8,407.5	$ 8,374.5	$ 11,374.5
Total non current assets	$ 23,847.7	$ 23,154.6	$ 32,519.7	$ 82,177.4
Total assets	$ 92,176.2	$ 98,701.8	$ 89,959.7	$ 96,784.4

	Actual 6/30/2012	YTD 3/31/2013	Projected 6/30/2013	Budgeted 6/30/2014
Liabilities and Net Assets				
Accounts,grants payable and accrued expenses	$ 2,624.9	$ 459.4	$ 2,500.0	$ 4,000.0
Deferred revenue-ARRA	$ 8,363.1	$ 8,340.6	$ 7,889.4	$ 1,455.6
Deferred revenue-PF	$ -	$ 33.0	$ -	$ -
LLR Accounts - CEFIA Loans	$ -	$ -	$ -	$ 1,017.5
LLR Accounts - Third party -CEFIA funds	$ -	$ -	$ -	$ 3,000.0
LLR Accounts - Third party -ARRA funds	$ -	$ 22.5	$ 473.7	$ 6,885.0
Total libilities	$ 10,988.0	$ 8,855.5	$ 10,863.1	$ 16,358.1
Net Assets:				
Investment in capital assets	$ 91.3	$ 129.7	$ 200.0	$ 200.0
Restricted net assets	$ 8,540.7	$ 8,396.1	$ 9,395.7	$ 11,374.5
Unrestricted net assets	$ 72,556.2	$ 81,320.5	$ 69,500.9	$ 68,851.8
Total Net Assets	$ 81,188.2	$ 89,846.3	$ 79,096.6	$ 80,426.3
Total Liabilities and Net Assets	$ 92,176.2	$ 98,701.8	$ 89,959.7	$ 96,784.4

Clean Energy Finance and Investment Authority
FY 14 Operations and Program Budget
Utility Customer assessment Projections
(in thousands)

	FY 13 Budget	FY13 Actual		(Under) Over FY 13	FY14 Budget	(Under) Over FY13 Budget
July	$ 2,700	$ 2,709	A	$ 9	$ 2,650	$ (50)
August	$ 2,825	$ 2,815	A	$ (10)	$ 2,850	$ 25
September	$ 2,500	$ 2,457	A	$ (43)	$ 2,400	$ (100)
October	$ 2,200	$ 1,994	A	$ (206)	$ 2,150	$ (50)
November	$ 2,100	$ 2,028	A	$ (72)	$ 2,000	$ (100)
December	$ 2,375	$ 2,240	A	$ (135)	$ 2,250	$ (125)
January	$ 2,400	$ 2,419	A	$ 19	$ 2,450	$ 50
February	$ 2,300	$ 2,421	A	$ 121	$ 2,300	$ -
March	$ 2,200	$ 2,199	A	$ (1)	$ 2,250	$ 50
April	$ 2,250	$ 2,250	B	$ -	$ 2,250	$ -
May	$ 1,800	$ 1,800	B	$ -	$ 1,850	$ 50
June	$ 2,200	$ 2,200	B	$ -	$ 2,200	$ -
Total assessments:	$ 27,850	$ 27,532		$ (318)	$ 27,600	$ (250)
				-1.1%		-0.9%

Clean Energy Finance and Investment Authority
FY 2014 Operations and Program Budget
Staffing Plan

Position		Annual Hours	% CEFIA	FY13 Staffing Actual		FY 14 Staffing Plan	
CEFIA Employees							
President, CEFIA	Garcia,Bryan	2,080	100%	X	2,080	X	2,080
Chief of Staff	Dykes,Mackey	2,080	100%	X	2,080	X	2,080
Executive Vice President and Chief Investment Officer	Hunter,Bert	2,080	100%	X	2,080	X	2,080
General Counsel	Farnen,Brian	2,080	100%	X	2,080	X	2,080
Director,PACE	Bailey,Jessica	2,080	100%	X	2,080	X	2,080
Director of Institutional Programs	Brydges,Andy	2,080	100%	X	2,080	X	2,080
Director,Government and External Relations	Goldberg,David	2,080	100%	X	2,080	X	2,080
Director of Statutory & Infrastructure Programs	Hedman,Dale	2,080	100%	X	2,080	X	2,080
Director of Residential Programs	O'Neill,Kerry	2,080	100%	X	2,080	X	2,080
Director of Energy Efficiency Deployment	Vacant - Not to be filled in FY14	2,080	100%	X	-		-
Associate Director of Outreach	Wall,Bob	2,080	100%	X	2,080	X	2,080
Associate Director of Technology Innovation	Stevenson,Kim	2,080	100%	X	2,080	X	2,080
Senior Manager, Clean Energy Finance	Healey,Ben	2,080	100%	X	2,080	X	2,080
Senior Manager of Marketing and Outreach	Murphy,Jon	2,080	100%	X	2,080	X	2,080
Senior Manager of Marketing and Outreach	Rivera, Gladys	2,080	100%	X	2,080	X	2,080
Senior Manager of Clean Energy Deployment	Ross,Rick	2,080	100%	X	2,080	X	2,080
Senior Manager, Clean Energy Finance	Lieberman,Ali	2,080	100%	X	2,080	X	2,080
Manager of Evaluation Measurement and Verification	Charpentier,Lucy	2,080	100%	X	2,080	X	2,080
Manager, Technology Innovation	Price, Selya	2,080	100%	X	2,080	X	2,080
Manager,CPACE	Sherman,Genevieve	2,080	100%	X	2,080	X	2,080
Associate of Clean Energy Deployment	McCarthy,Neil	2,080	100%	X	2,080	X	2,080
Associate of Marketing and Outreach	Schmitt,Robert	2,080	100%	X	2,080	X	2,080
Project Assistant	Buonannata,Joe	2,080	100%	X	2,080	X	2,080
Project Assistant	Kranich,Ed	2,080	100%	X	2,080	X	2,080
Project Assistant	Lewis,Lynne	2,080	100%	X	2,080	X	2,080
Project Assistant	Mancini,Andrea	2,080	100%	X	2,080	X	2,080
Project Assistant	Stewart,Fiona	2,080	100%	X	2,080	X	2,080
Project Assistant	Vigil,Marycruz	2,080	100%	X	2,080	X	2,080
Paralegal	French,Loyola	2,080	100%	X	2,080	X	2,080
Executive Assistant	Samuels,Cheryl	2,080	100%	X	2,080	X	2,080
New Hires							
Senior Manager, (Residential Programs)						X	2,080
Program Manager, (CE Financing)						X	2,080
Program Assistant, (CPACE)						X	2,080
Program Assistant, (Residential Programs)						X	2,080
CI Shared Employees							
VP Finance and Administration	Bellas,George	2,080	75%	X	1,560	X	1,560
Manager,Human Resources	Kaswan,Sue	2,080	50%	X	1,040	X	1,040
Manager,Payroll	Basden,Chris	2,080	40%	X	832	X	832
Director IT and Facilities	Casparino,Joe	2,080	30%	X	624	X	624
IT Staff	Peretto,Kim	2,080	30%	X	624	X	624
IT Staff	Schiavo,Chris	2,080	50%	X	1,040	X	1,040
Senior Accountant (P/T)	Landry,Joe	1,248	80%	X	998	X	998
Accounting Assistant	Turker,Irene	2,080	100%	X	2,080	X	2,080
Accounting Assistant	New Hire	2,080	100%			X	2,080
Reception/Switchboard	Perusse,Gina	2,080	30%	X	624	X	624
			FTEs:	**33.53**		**38.53**	
					FTE Increase:	**5.00**	

Clean Energy Finance and Investment Authority
FY 2014 Operations and Program Budget
Consulting and Professional Fees - Operations
(in thousands)

	FY 2013 Budget	FY 2014 Budget	FY 2014 Budget Inc. (Dec.)	% Inc.(Dec.)
Summary:				
Legal	35.0	35.0	-	0%
Accounting	25.0	45.0	20.0	80%
Advisory fees	85.0	20.0	(65.0)	-76%
	145.0	100.0	(45.0)	-31%
Detail:				
Legal				
CEFIA Board of Directors	5.0	5.0	-	
Comprehensive Plan/Programs	10.0	10.0	-	
Other legal matters	20.0	20.0	-	
	35.0	35.0	-	
Accounting				
Annual Audit	21.0	40.0	19.0	
Other matters	4.0	5.0	1.0	
	25.0	45.0	20.0	
Advisory Fees				
Consultants:				
Recruiting Efforts	10.0	-	(10.0)	
Management Development	5.0	-	(5.0)	
Compensation Study	40.0	-	(40.0)	
Strategic Plan/Process Improvement Consulting	20.0	10.0	(10.0)	
Other	10.0	10.0	-	
	85.0	20.0	(65.0)	

Clean Energy Finance and Investment Authority
FY 2014 Operations and Program Budget
Marketing and External Relations - Operations
(in thousands)

	FY 2013 Budget	FY 2014 Budget	FY 2014 Budget Inc. (Dec)	% Inc. (Dec)
Media Relations	**22.50**	**66.00**	**43.50**	193%
Public Relations	10.00	20.00	10.00	
Creative Writing	7.50	16.00	8.50	
Media Tracking/Distribution	-	20.00	20.00	
Misc.	5.00	10.00	5.00	
Marketing CollateraL	**13.00**	**15.00**	**2.00**	15%
Annual report design & printing	5.00	5.00	-	
Program collateral	5.00	5.00	-	
Promotional Items	3.00	5.00	2.00	
Website	**20.00**	**20.00**	**-**	0%
Website design	10.00	10.00	-	
Website maintenance	10.00	10.00	-	
Sponsorship & Event Expenses	**61.00**	**61.00**	**-**	0%
CEFIA Annual Awards Event	10.00	10.00	-	
CPES WTD Conference	2.50	2.50	-	
Matchmaking Events	20.00	10.00	(10.00)	
NESEA	4.00	4.00	-	
New Haven Green Expo	2.50	2.50	-	
CCM Annual Event	5.00	5.00	-	
Wall Street Green	-	10.00	10.00	
CBIA Sustainability	2.00	2.00	-	
Unidentified	15.00	15.00	-	
Advertising & Branding	**15.00**	**10.00**	**(5.00)**	-33%
General advertising	5.00	10.00	5.00	
Branding	10.00	-	(10.00)	
Memberships	**89.60**	**89.00**	**(0.60)**	-1%
Clean Energy States Alliance	68.48	68.50	0.03	
CCAT	2.50	2.50	-	
US Fuel Cell Council	2.00	2.00	-	
CCIC	1.00	1.00	-	
Miscellaneous Memberships:	15.63	15.00	(0.63)	
Other- General	**90.00**	**15.00**	**-**	0%
Market Analysis	75.00	-	(75.00)	
Misc.	15.00	15.00	-	
Total External Relations:	**311.10**	**276.00**	**39.90**	13%

Clean Energy Finance and Investment Authority
FY 2014 Operations and Program Budget
Other Operating Costs
(in thousands)

	FY13 Budget				FY14 Budget		
	Rocky Hill	Stamford	Total		Rocky Hill	Stamford	Total
Rent	$ 202.9	$ 75.0	$ 277.9	*	$ 154.0	$ 114.0	$ 268.0
Telephone/Communications	$ 39.1	$ 15.2	$ 54.3	*	$ 53.0	$ 10.5	$ 63.5
Office expense	$ 60.60	$ 18.15	$ 78.8	*	$ 64.00	$ 21.00	$ 85.0
IT operations	$ 50.38	$ 10.65	$ 61.03	*	$ 45.00	$ 15.00	$ 60.0
Consultant Support Services	$ 20.0	$ 6.6	$ 26.6	*	$ 20.0	$ 5.0	$ 25.0
Software Maintenance	$ 19.0	$ -	$ 19.0	*	$ 15.5	$ 6.0	$ 21.5
Webhosting	$ 2.8	$ -	$ 2.8	*	$ 5.0	$ 3.0	$ 8.0
Noncapitalized hardware & supplies	$ 8.6	$ 4.1	$ 12.7	*	$ 4.5	$ 1.0	$ 5.5
Staff training/education/subsriptions	$ 44.8	$ -	$ 44.8	*	$ 39.0	$ 12.0	$ 51.0
Insurance	$ 56.1	$ 2.0	$ 58.1	*	$ 58.0	$ 4.0	$ 62.0
Travel & Travel Related Expense	$ 54.0	$ 9.2	$ 63.2	*	$ 70.0	$ 15.0	$ 85.0
Total:	$ 507.88	$ 130.20	$ 638.08	*	$ 483.00	$ 191.50	$ 674.5

Clean Energy Finance and Investment Authority
FY 2014 Operations and Program Budget
Capital Expenditure Budget
(in thousands)

	FY13 Budget		FY14 Budget: Total by Line	FY14 Budget: Total by Category	Annual Depreciation
IT Hardware		*			
Rocky Hill		*			
New/Replacement Desktops & Laptops	$ 17.0	*	$ 8.0		
Data Backup Unit	$ 3.0	*	$ 3.0		
iSCSI drive array	$ 5.0	*	$ 15.0		
Replacement: VM (virtual server) hosts	$ 5.0	*	$ 5.0		
Server & Ethernet switch hardware	$ 6.0	*	$ 4.0		
Conference room LCD display	$ 1.1	*	$ -	$ 35.0	$ 12.0
Stamford Office		*			
Firewall/wireless access/switch/ups/system set up	$ 9.2	*	$ -	$ -	$ -
IT Software		*			
Rocky Hill		*			
Telephone System		*			
Telephone system software upgrade	$ 2.5	*	$ 2.0	$ 2.0	$ 1.0
MS Licenses / Software Assurance		*			
Server	$ 1.8	*	$ 5.0		
SQL server Standard 1 Processor	$ 5.0	*	$ 5.0		
SharePoint Server	$ 5.0	*	$ 5.0		
SharePoint Server CALS	$ 3.0	*	$ 3.0		
Office/Windows	$ 6.0	*	$ 10.0	$ 30.0	$ 15.0
Analysis Software		*			
Desktop license	$ 4.0	*	$ 5.0		
Server license	$ 10.0	*	$ 10.0		
CRM/Custom Programming	$ 10.0	*	$ 75.0	$ 90.0	$ 45.0
Office Furniture, Equipment and Improvements		*			
Rocky Hill		*			
Cubicles	$ 21.3	*	$ -		
Office Suites	$ 12.5	*	$ -		
Unidentified	$ 10.0	*	$ 20.0	$ 20.0	$ 4.0
Stamford	$ 45.0	*	$ 20.0	$ 20.0	$ 4.0
		*			
		*		**$ 197.0**	
				Projected depreciation FY14 Cap Ex:	**$ 81.0**
				Depreciation on existing Cap Ex:	**$ 90.0**
				Projected FY 14 depreciation:	**$ 171.0**

Clean Energy Finance and Investment Authority

FY 14 Operations and Program Budget

Comparison of FY14 Budget to FY13 Budget and FY13 Projected Full Year Actuals

(in thousands)

	FY 2014 Budget					FY 2013 Budget			FY 2013 Projected Full Year Actuals				
	General Operations	Total Programs	Total Operations & Program Budget	Inc(Dec)	FY14 to FY13 Budget % Inc.	General Operations	Total Programs	Total Operations & Program	General Operations	Programs	Total Operations & Program Budget	FY14 Budget to FY13 Projected Actual $ Inc.	FY14 Budget to FY13 Projected Actual % Inc.
Income													
Utility customer assessments	$ 27,600.0	$ -	$ 27,600.0	$ (250.0)	-0.9%	$ 27,850.0	$ -	$ 27,850.0	$ 27,463.3	$ -	$ 27,463.3	$ 136.7	0.5%
RGGI auction proceeds	$ 5,900.0	$ -	$ 5,900.0	$ 3,900.0	195.0%	$ 2,000.0	$ -	$ 2,000.0	$ 4,744.6	$ -	$ 4,744.6	$ 1,155.4	24.4%
RGGI proceeds additional sources	$ 12,800.0	$ -	$ 12,800.0	$ 12,800.0		$ -	$ -	$ -	$ -	$ -	$ -	$ 12,800.0	
Interest on bank deposits	$ 100.0	$ -	$ 100.0	$ (20.0)	-16.7%	$ 120.0	$ -	$ 120.0	$ 103.6	$ -	$ 103.6	$ (3.6)	-3.5%
Interest Income - Solar Lease I Portfolio, net of fees	$ 110.0	$ -	$ 110.0	$ (40.0)	-26.7%	$ 150.0	$ -	$ 150.0	$ 109.0	$ -	$ 109.0	$ 1.0	0.9%
Grant income (Federal Programs)	$ -	$ 300.0	$ 300.0	$ (1,856.5)	-86.1%	$ -	$ 2,156.5	$ 2,156.5	$ -	$ 1,707.7	$ 1,707.7	$ (1,407.7)	-82.4%
Renewable Energy Credits	$ 50.0	$ -	$ 50.0	$ -		$ 50.0	$ -	$ 50.0	$ 150.0	$ -	$ 150.0	$ (100.0)	-66.7%
Other income	$ 100.0	$ -	$ 100.0	$ 25.0	33.3%	$ 75.0	$ -	$ 75.0	$ 270.5	$ -	$ 270.5	$ (170.5)	-63.0%
Total revenues:	$ 46,660.0	$ 300.0	$ 46,960.0	$ 14,558.5	44.9%	$ 30,245.0	$ 2,156.5	$ 32,401.5	$ 32,841.0	$ 1,707.7	$ 34,548.7	$ 12,411.3	35.9%
Expenses													
Compensation													
-Salaries & Wages - CEFIA Employees	$ 601.3	$ 2,701.9	$ 3,303.2	$ 471.8	16.7%	$ 1,089.8	$ 1,741.6	$ 2,831.4	$ 1,147.8	$ 1,461.4	$ 2,609.1	$ 694.1	26.6%
-Salaries & Wages - CI Shared Services	$ 430.3	$ -	$ 430.3	$ 53.5	14.2%	$ 361.4	$ 15.4	$ 376.8	$ 292.7	$ 2.1	$ 294.8	$ 135.5	46.0%
-Employee Benefits - CEFIA Employees	$ 398.4	$ 1,790.0	$ 2,188.4	$ 432.9	24.7%	$ 675.7	$ 1,079.8	$ 1,755.5	$ 719.0	$ 991.3	$ 1,710.3	$ 478.1	28.0%
-Employee Benefits - CI Shared Services	$ 309.8	$ -	$ 309.8	$ 76.2	32.6%	$ 224.3	$ 9.3	$ 233.6	$ 200.9	$ 1.3	$ 202.2	$ 107.6	53.2%
-Temporary employees	$ 30.0	$ 40.0	$ 70.0	$ 45.0	180.0%	$ 25.0	$ -	$ 25.0	$ 25.3	$ 16.6	$ 41.9	$ 28.1	67.1%
Consulting and professional fees													
- Legal	$ 35.0	$ 285.0	$ 320.0	$ 15.0	4.9%	$ 35.0	$ 270.0	$ 305.0	$ 34.3	$ 205.2	$ 239.5	$ 80.5	33.6%
- Accounting & Audit	$ 45.0	$ -	$ 45.0	$ 20.0	80.0%	$ 25.0	$ -	$ 25.0	$ 30.0	$ -	$ 30.0	$ 15.0	50.0%
- Consulting fees	$ 20.0	$ 1,109.2	$ 1,129.2	$ 19.2	1.7%	$ 85.0	$ 1,025.0	$ 1,110.0	$ 76.0	$ 482.4	$ 558.4	$ 570.8	102.2%
- Project Inspection Fees		$ 306.4	$ 306.4	$ (11.9)	-3.7%	$ -	$ 318.3	$ 318.3	$ -	$ 263.1	$ 263.1	$ 43.3	16.5%
Marketing/External relations	$ 276.0	$ 1,522.5	$ 1,798.5	$ 429.9	31.4%	$ 311.1	$ 1,057.5	$ 1,368.6	$ 221.3	$ 597.6	$ 818.9	$ 979.6	119.6%
EM&V		$ 430.0	$ 430.0	$ 125.0	41.0%	$ -	$ 305.0	$ 305.0	$ -	$ 145.7	$ 145.7	$ 284.3	195.1%
Rent and location related expenses													
-Rent/Utilities/Maintenance	$ 48.8	$ 219.2	$ 268.0	$ (9.9)	-3.6%	$ 48.4	$ 229.5	$ 277.9	$ 96.2	$ 116.7	$ 212.8	$ 55.2	26.0%
-Telephone/Communications	$ 11.6	$ 51.9	$ 63.5	$ 9.2	17.0%	$ 9.5	$ 44.8	$ 54.3	$ 22.1	$ 26.8	$ 48.9	$ 14.6	29.9%
-Depreciation FF&E	$ 31.1	$ 139.9	$ 171.0	$ 78.1	84.1%	$ 16.3	$ 76.6	$ 92.9	$ 36.1	$ 43.8	$ 79.8	$ 91.2	114.3%
Office, computer & other expenses													
-Office expense	$ 15.5	$ 69.5	$ 85.0	$ 6.2	7.9%	$ 13.8	$ 65.0	$ 78.8	$ 35.2	$ 54.4	$ 89.6	$ (4.6)	-5.1%
-IT operations	$ 10.9	$ 381.6	$ 392.5	$ 176.5	81.7%	$ 10.7	$ 205.3	$ 216.0	$ 24.0	$ 79.1	$ 103.0	$ 289.5	281.1%
-Training/education/subsriptions	$ 51.0	$ 70.8	$ 121.8	$ (1.0)	-0.8%	$ 62.8	$ 60.0	$ 122.8	$ 36.8	$ 15.0	$ 51.8	$ 70.0	135.1%
-Travel,meeting& related expenses	$ 85.0	$ 127.6	$ 212.6	$ 49.4	30.3%	$ 63.2	$ 100.0	$ 163.2	$ 78.8	$ 23.9	$ 102.7	$ 109.9	107.0%
-Insurance	$ 62.0	$ -	$ 62.0	$ 3.9	6.7%	$ 58.1	$ -	$ 58.1	$ 24.7	$ 30.0	$ 54.7	$ 7.3	13.3%
Expenses before Financial Incentives:	$ 2,461.7	$ 9,245.6	$ 11,707.3	$ 1,989.1	20.5%	$ 3,115.1	$ 6,603.1	$ 9,718.2	$ 3,101.0	$ 4,556.2	$ 7,657.2	$ 4,050.1	52.9%
Federal (N2N)Grant expenditures		$ 300.0	$ 300.0	$ (1,407.0)		$ -	$ 1,707.0	$ 1,707.0	$ -	$ 1,301.6	$ 1,301.6	$ (1,001.6)	-77.0%
Financial Incentives- Grants and Rebates		$ 16,325.0	$ 16,325.0	$ (3,956.0)		$ -	$ 20,281.0	$ 20,281.0	$ -	$ 8,928.5	$ 8,928.5	$ 7,396.5	82.8%
Interest Rate Buydowns		$ -	$ -	$ (250.0)		$ -	$ 250.0	$ 250.0	$ -	$ -	$ -	$ -	
Provision for Loan Loss		$ 3,432.7	$ 3,432.7	$ 932.0		$ -	$ 2,500.70	$ 2,500.7	$ -	$ -	$ -	$ 3,432.7	
Financial Incentives:	$ -	$ 20,057.7	$ 20,057.7	$ (4,681.0)	-18.9%	$ -	$ 24,738.7	$ 24,738.7	$ -	$ 10,230.1	$ 10,230.1	$ 9,827.6	96.1%
Total Expenditures:	$ 2,461.7	$ 29,303.3	$ 31,765.0	$ (2,691.9)	-7.8%	$ 3,115.1	$ 31,341.8	$ 34,456.9	$ 3,101.0	$ 14,786.3	$ 17,887.3	$ 13,877.7	77.6%
Total Expenditures over Revenue:			$ 15,195.0					$ (2,055.4)			$ 16,661.4		