CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

845 Brook Street
Rocky Hill, Connecticut 06067

300 Main Street, 4th Floor
Stamford, Connecticut 06901

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July 2, 2014

Dear Board of Directors:

We are calling a special meeting of the Board of Directors to discuss the pending issue of the Residential Solar Investment Program (RSIP), and specifically the inadvertent error in a technical fix to energy statutes that occurred at the end of the legislative session that disallows net metering for households that receive an Expected Performance Based Buydown (EPBB) incentive from the Connecticut Green Bank.

This special meeting of the Board of Directors will be on Thursday, July 3, 2014 from 10:00 to 10:30 a.m. We will be holding this meeting by webinar-conference call. For those of you that would rather be here in person, we will also make the Colonel Albert Pope Board Room available at 845 Brook Street, Rocky Hill, CT 06067.

Over the past two weeks, the staff of the Connecticut Green Bank, led by Dale Hedman, Brian Farnen, and myself, has been working 24/7 to understand the problem, identify workable solutions, and bring forth this recommendation for your consideration. As you will read in the attached memo and subsequent resolution, we are proposing the establishment of a homeowner performance based incentive (HOPBI) – a performance based incentive that would allow net metering to continue for households that would rather own or purchase a solar photovoltaic system as opposed to lease or sign a power purchase agreement. We have vetted this (and other) option(s) with counsel (i.e., both tax and policy counsel), the industry, including Solar Connecticut – the local industry association – and other local installers, the utilities, DEEP, and other stakeholders, and believe strongly that this course of action will rectify the problem until we can get a legislative fix next year. We have been assured by the Governor's Office and current Energy & Technology Committee co-chairs that this inadvertent error will be fixed next year.

This has been an intense couple of weeks here at the Connecticut Green Bank, but we look forward to bringing this recommended solution to you for your consideration.

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

Sincerely,

Bryan Garcia
President and CEO

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AGENDA

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

Thursday, July 3, 2014
10:00-10:30 a.m.

Staff Invited: Mackey Dykes, Brian Farnen, Bryan Garcia, Dale Hedman, Bert Hunter, Ed Kranich, and Kerry O'Neill

1. Call to order

2. Public Comments – 5 minutes

3. Residential Solar Investment Program: Recommendation for a Homeowner Performance Based Incentive* – 25 minutes

4. Adjourn

*Denotes item requiring Board action

Join the meeting online at **https://www4.gotomeeting.com/join/319272919**

Dial (646) 749-3122 Access Code: 319-272-919

CLEAN ENERGY
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RESOLUTIONS

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

Thursday, July 3, 2014
10:00-10:30 a.m.

Staff Invited: Mackey Dykes, Brian Farnen, Bryan Garcia, Dale Hedman, Bert Hunter, Ed Kranich, and Kerry O'Neill

1. Call to order

2. Public Comments – 5 minutes

3. Residential Solar Investment Program: Recommendation for a Homeowner Performance Based Incentive* – 25 minutes

Resolution #1

WHEREAS, Section 106 of Public Act 11-80 "An Act Concerning the Establishment of the Department of Energy and Environmental Protection and Planning for Connecticut's Energy Future" (the "Act") requires the Connecticut Green Bank ("Green Bank") to design and implement a Residential Solar Photovoltaic ("PV") Investment Program ("RSIP") that results in a minimum of thirty (30) megawatts of new residential PV installation in Connecticut before December 31, 2022;

WHEREAS, pursuant to Section 106 of the Act, the Green Bank has prepared a program plan and a declining incentive block schedule ("Schedule") that offer direct financial incentives in the form of Performance-Based Incentives ("PBI") (traditionally used for the lease and third party ownership model) and Expected Performance-Based Buy-down incentives ("EPBB") (rebate model traditionally used for the purchase of a PV system);

WHEREAS, on June 6, 2014, Public Act 14-134 "An Act Concerning Technical and Minor Revisions to and Repeal of Obsolete Provisions of Energy and Technology Statutes," was signed into law that has an adverse impact on the RSIP by not permitting households to net meter if they received an EPBB through the RSIP;

WHEREAS, outside legal counsel has provided a legal memorandum stating that the 2014 technical change impacts RSIP projects approved by the Green Bank after the effective date of Public Act 14-134, or June 6, 2014, but does not affect past contracts or contracts currently in effect;

WHEREAS, the residential solar PV market is on pace to be a $100 million market and a state-based solar industry that provides over 1,500 jobs, of which nearly 600 are direct jobs by the end of 2014;

WHEREAS, the Green Bank may modify the Schedule before the issuance of its next comprehensive plan to account for the prohibition on net metering because the expected return on investment for a typical residential solar PV system that receives an EPBB incentive will be affected by twenty per cent or more;

WHEREAS, the Green Bank has reached out to stakeholders on the problem to solicit workable solutions;

WHEREAS, the Green Bank staff recommends the creation of a Homeowner Performance Based Incentive ("HOPBI") as a second PBI with an optional recourse loan facility as described in the memorandum to the Board of Directors dated July 2, 2014.

Therefore:

RESOLVED, that the Board of Directors hereby approves the staff recommendation to establish a HOPBI as a second PBI for the purchase of residential Solar PV systems and as more specifically described in the memorandum to the Board of Directors dated July 2, 2014;

RESOLVED, that the Board of Directors hereby approves the staff recommendation to establish an optional recourse loan facility to support eligible Solar PV contractors that need working capital for RSIP projects that receive the HOPBI and as more specifically described in the memorandum to the Board of Directors dated July 2, 2014;

RESOLVED, that the RSIP projects approved by the Green Bank with an EPBB after June 6, 2014 are to be provided the HOPBI;
RESOLVED, that this Board of Director action is consistent with Section 106 of the Act; and
RESOLVED, that the proper Green Bank 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 these Resolutions and expeditiously implement the HOPBI solution.

4. Adjourn

*Denotes item requiring Board action

Join the meeting online at **https://www4.gotomeeting.com/join/319272919**

Dial (646) 749-3122 Access Code: 319-272-919

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Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #1

Call to Order

July 3, 2014

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Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #2

Public Comments

July 3, 2014

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Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #3

Residential Solar Investment Program: Recommendation for a Homeowner Performance Based Incentive

July 3, 2014

What is the Problem?
If EPBB, then no net metering for new

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- **PA 14-134** "An Act Concerning Technical and Minor Revisions to and Repeal of Obsolete Provisions of Energy and Technology Statutes" modifies Section 106(b) of PA 11-80 changing 16-243b to 16-243h (we confirmed that it should have been 16-244r or ZREC)
  - Customers who receive expected performance-based buydowns under this section shall not be eligible for a credit pursuant to section **[16-243b]** 16-243h of the general statutes.
  - Section 16-243h of the general statutes is residential net metering.
  - Revisions signed into law on June 6, 2014 are not retroactive – they are applied prospectively (Pullman & Comley)
  - Discovered change on June 10, 2014 – stopped approving, not receiving, EPBB applications on June 10, 2014. 20 applications approved for EPBB after June 6th will be modified per the solution being recommended today.

What is the impact of the problem?
Solar PV Market

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Year	# Projects	kW STC	Total System Cost ($)	Average Installed Cost ($/W)	Average Incentive ($/W)
2004	3	12.7	$109,258	$8.61	$4.33
2005	63	266.3	$2,166,219	$8.14	$4.52
2006	108	495.7	$4,315,231	$8.70	$4.34
2007	217	1,228.8	$10,701,490	$8.71	$4.19
2008	479	3,139.9	$25,711,714	$8.19	$3.95
2009	470	3,354.9	$25,436,580	$7.58	$3.70
2010	437	3,178.2	$19,926,910	$6.27	$2.88
2011	220	1,568.2	$8,390,317	$5.35	$1.68
2012	795	5,547.8	$26,675,445	$4.81	$1.67
2013	1,481	10,534.2	$46,690,641	$4.43	$1.32
2014-YTD	1,683	12,114.4	$51,093,999	$4.22	$1.14
Grand Total	**5,956**	**41,441.1**	**$221,217,804**	**$5.34**	**$1.98**

- **Worked hard with installers to drive down costs, increase demand, reducing incentives, and transitioning to financing** – on pace for a $100 million market in 2014

What are possible solutions?

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- **Do Nothing** – recognize that this was an inadvertent error and continue program implementation **(not possible – implement the law)**
- **Scrivener's Error** – worked to request a clerical error…meant 16-244r not 16-243h **(did not work)**
- **Legislative Fix** – session is over, if there is a special session, we will ask that this inadvertent error be corrected, if not, then E&T will fix next session **(down the road option)**
- **Modify Incentive Schedule** – original act allows CEFIA to modify schedule to account for changes in state law when such changes would affect the expected return on investment for a typical system by 20% or more. Create a homeowner performance based incentive (HOPBI) that is economically comparable to both the EPBB and PBI, but is a performance based incentive **(recommendation to the board)**

Recommendation

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- **HOPBI – Homeowner Performance Based Incentive**
  - Revenue grade metering systems (e.g., Locus – Lgate 120) in place on each installation to measure performance with irradiance calculation to adjust for weather
  - Allowable to modify per statute
  - A performance based incentive – therefore allowable to receive net metering given the existing law
  - Economically equivalent to EPBB and PBI
  - Working capital of 100% of the value of the HOPBI at equipment delivery is an option for contractors that need the cash flow – will require additional paperwork and transaction processing

Option #1
HOPBI 30-Days

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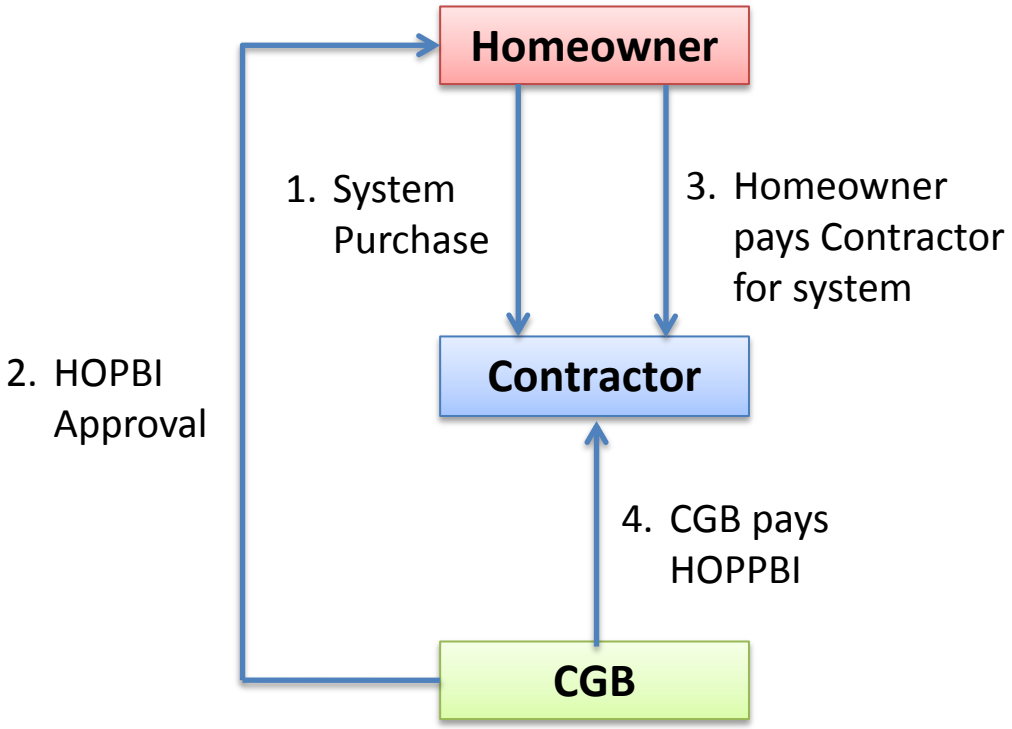

1. **Homeowner contracts with Contractor to purchase system net of HOPBI and Homeowner agrees to assign HOPBI to Contractor when eligible to be paid.**
2. **CGB approves Homeowners application for HOPBI.**
3. **Homeowner pays for system net of HOPBI on contractor's terms.**
4. **CGB pays HOPBI to Contractor on behalf of the Homeowners when production is verified***

* **HOPBI payment is made after target production has been verified. No time limitation as when a system's production achieves target production.**

Option #1 (Optional)
HOPBI 30-Days w/ Recourse Loan Facility

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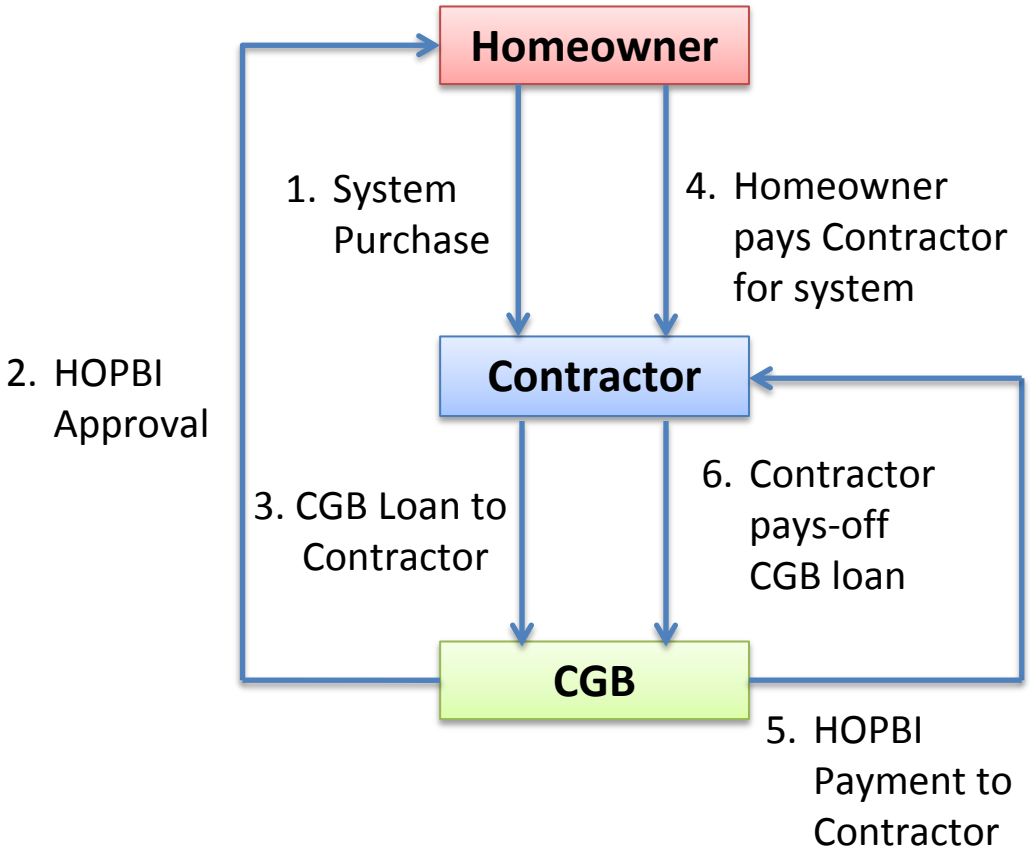

1. **Homeowner contracts with Contractor to purchase system net of HOPBI and Homeowner agrees to assign HOPBI to Contractor when eligible to be paid.**
2. **CGB approves Homeowners application for HOPBI.**
3. **Contractor approved for a loan in the amount 100% of the HOPBI to be disbursed at equipment delivery.**
4. **Homeowner pays for system net of HOPBI on contractor's terms.**
5. **CGB pays HOPBI to Contractor on behalf of the Homeowners when production is verified.***
6. **Contractor pays off (cash) CGB loan within 5 business days of receiving HOPBI payment.**

* **HOPBI payment is made after target production has been verified. No time limitation as when a system's production achieves target production.**

Stakeholder Perspectives

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- **Governor's Office** – acknowledge the inadvertent error in the technical fix, 100% supportive of the solar industry, will work with E&T Committee to fix this in 2015 session, and supports solution we reach in the interim.
- **Legislative Leaders** – acknowledge the inadvertent error in the technical fix, 100% supportive of the solar industry, will work with Governor to fix this in 2015 session, and support solution we reach in the interim.
- **Solar Industry** – apprised of the situation through multiple communication channels this past two weeks, provided frequent FAQs, solicited feedback on options, and received support on the HOPBI from key installers
- **Utilities** – will follow the letter of the law and have asked us to inform them of any applications received and approved after June 6, 2014 that receive an EPBB. Have been informed by us that with the HOPBI, there will be no EPBB applications. We will provide them with an official letter to this fact.

Remaining Timeline to Implement Solution

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Task	Timeline
Seek approval of recommendation of solution with CEFIA BOD	July 3
Present solution to the industry in webinar	Week of July 7
Develop materials to support implementation of recommendation	Week of July 7
Implement the solution	Week of July 14
Keep Governor's Office, key E&T Committee members, and Board of Directors informed on progress being made	Throughout

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Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #4

Adjourn

July 3, 2014

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CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

Memo

To: Board of Directors

From: George Bellas (Vice President of Finance and Administration), Mackey Dykes (Chief of Staff), Brian Farnen (General Counsel and CLO), Bryan Garcia (President and CEO), Dale Hedman (Director of Statutory and Infrastructure Programs), Bert Hunter (Executive Vice President and CIO), and Kerry O'Neill (Director of Residential Programs)

Date: July 2, 2014

Re: Residential Solar Investment Program (RSIP) – Recommendation for a Homeowner Performance Based Incentive (HOPBI)

Background

On June 10, 2014, several days following the signing of Public Act 14-134 "An Act Concerning Technical and Minor Revisions to and Repeal of Obsolete Provisions of Energy and Technology Statutes," on June 6, 2014, it was discovered that an inadvertent error in Section 16 was signed into law that would have an adverse impact on the RSIP.[1] Specifically, the modification inadvertently omits subsection (b) of section 16-243b (see Appendix I) from the statute and replaces it with section 16-243h (see Appendix II) – a provision that would not allow households to net meter[2] if they received an Expected Performance Based Buydown (EPBB) through the RSIP, a program administered by the Connecticut Green Bank. It has been subsequently discovered that the original intent of the statute was not to disallow net metering in section 16-243h, but to instead prevent households from "double-dipping" on incentives by receiving a 15-year contract for renewable energy credits through the zero emissions renewable energy credit (ZREC) policy from the electric distribution company per section 16-244r. The inadvertent error was not a technical or minor revision, but in fact has a significant adverse impact on the economics of solar photovoltaic (PV), eliminating the possibilities of system payback for households that install such systems. Regardless, the inadvertent error stands as law until it is corrected in the 2015 legislative session. We have received assurances from the Governor's Office and the Co-Chairs of the Energy & Technology Committee that this inadvertent error will be corrected in the next legislative session.

Since the launch of the RSIP in March of 2012, the Connecticut Green Bank has worked closely with the burgeoning solar PV industry and private investors to build a market that delivers cleaner, cheaper and more reliable sources of energy while creating jobs and supporting local economic

[1] As a result of this finding, following June 10, 2014, any application submitted to the Connecticut Green Bank that requested an EPBB was put on hold until the problem is resolved. There were 20 applications received between the period of June 6-10 that were reviewed and approved for an EPBB. With the recommendation that is being proposed to fix the problem – a homeowner performance based incentive– these 20 applications will be remedied as they will be transferred to a performance based incentive under the HOPBI solution.

[2] Net metering allows residential customers who generate their own electricity from renewable energy sources to receive a credit from the electric company for any excess electricity produced and not consumed by the customer.

development. Installed costs have declined by more than 50% from a high in 2007, consumer demand has doubled each of the past two years (i.e., 2012 and 2013) and is on pace to double for a third year in a row, and incentives have decreased by nearly 75% from a high in 2005 (see Table 1). The Connecticut Green Bank has also attracted $85 million of private investment from local, regional, and national lenders to provide the private capital necessary to finance these installations through the CT Solar Loan, CT Solar Lease, and Smart-E Loan. The market is on pace in 2014 to be a $100 million market – a market that provides over 1,500 jobs, of which nearly 600 are direct jobs.

Table 1. Residential Solar PV Market in Connecticut (as of June 27, 2014)

Year	# of Projects	kW STC	Total System Costs ($)	Average Installed Costs ($/W)	Average Incentive ($/W)[3]
2004	3	12.7	$109,258	$8.61	$4.33
2005	63	266.3	$2,166,219	$8.14	$4.52
2006	108	495.7	$4,315,231	$8.70	$4.34
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2014	1,683	12,114.4	$51,093,999	$4.22	$1.14
Total	**5,956**	**41,441.1**	**$221,217,804**	**$5.34**	**$1.98**

It is because of the importance of the development of this market that the Connecticut Green Bank brings forth a solution to assist contractors and consumers address this inadvertent error.

Process towards a Recommendation

In light of the urgency, delicacy, and importance of the situation, the staff of the Connecticut Green Bank went to extraordinary efforts to identify a recommendation for the board's consideration that solves the problem. After the Board of Directors was noticed of the problem on June 20, 2014, the staff began to execute on a game plan with a shortened timeline (see Table 2).

Table 2. Game Plan towards a Solution to the Problem

Task	Timeline
Notice the solar PV contractors of the problem	June 20
Respond to the solar PV questions on the problem with an FAQ	June 23
Meet with the Board of Directors to discuss potential solutions to the problem	June 25
Meet with the utilities to discuss the problem and solicit solutions	June 25
Hold a webinar to discuss the problem and solicit solutions with stakeholders	June 26
Discuss the problem at REEBA town hall meeting and solicit solutions	June 26
Discuss the possible options to solve the problem with external counsel	June 30
Meet with leading local contractors to discuss options and support a solution	July 1
Seek approval of recommendation by staff from the Board of Directors	July 3

[3] Note, the average incentive is a component of the average installed costs. For example, the $1.14/W incentive in 2014 covers about 25% of the total average installed cost of the system at $4.22/W.

Present solution to the problem on webinar with stakeholders	Week of July 7
Implement the solution	Week of July 14
Keep the Governor's Office apprised of developments and progress	Throughout
Keep the leaders of the E&T Committee apprised of developments and progress	Throughout
Keep the Board of Directors apprised of developments and progress	Throughout

The staff now brings forth a recommendation of a solution for the Board of Director's consideration that takes into account feedback from key stakeholders, support from legislative leaders, guidance from external tax counsel, and thorough vetting across the organization – from project accounting to program administration. The solution focuses on the contractors and the consumers – a principle established by the Board of Directors – all the while ensuring that any administrative burden on us is minimized.

Recommendation

The staff is recommending the creation of a Homeownership Performance Based Incentive (HOPBI) to solve the problem.

As you are aware, through the RSIP program, the Connecticut Green Bank offers two different types of incentives:

- Expected Performance Based Buydown (EPBB) – an upfront rebate offered to homeowners who want to own a solar PV system; and

- Performance-Based Incentive (PBI) – an incentive that is paid out over time based on the actual production of a system offered to homeowners that want to lease or sign a power purchase agreement for a solar PV system.

As a result of the inadvertent error, homeowners that access the EPBB following June 6, 2014 (i.e., the date the law took effect) are no longer eligible to receive net metering. To address this problem, we can create a comparable homeowner performance based incentive (HOPBI) that would allow homeowners that want to own a solar PV system to be able to access incentives from the Connecticut Green Bank and receive net metering; however they would be performance-based incentives instead of an upfront rebate. The HOPBI as proposed would be economically comparable to the EPBB and the PBI so that the impact on the consumer is neutral.

In order to receive a HOPBI, the installed system must meet a target level of performance set at the 30-day production estimate from the system's in-service date.[4] Fortunately, the Connecticut Green Bank requires that every installation of a solar PV system through the RSIP include a revenue grade meter that can transmit system production via the internet or cellular network to us at any time over whatever period we are interested in.[5] This equipment along with irradiance logic to normalize for weather variability and our current Power Clerk process allow us to establish a 30-day performance target that can be measured and a performance based incentive issued once the stated performance has been achieved.

[4] It should be noted that staff considered a 1-year and 6-year HOPBI, but felt that given the principle of minimizing the impact of the solution to the problem on the contractor and consumer, that the 30-day option was the best option, while also minimizing any administrative burden of the fix.

[5] This metering equipment alongside the solar PV system and its production, allow the Connecticut Green Bank to own and sell renewable energy credits through the Connecticut Class I RPS to recover the value of EPBB and PBI incentives provided through the RSIP.

The 30-day HOPBI is a simple 4-part process (see Figure 1), including the following steps:

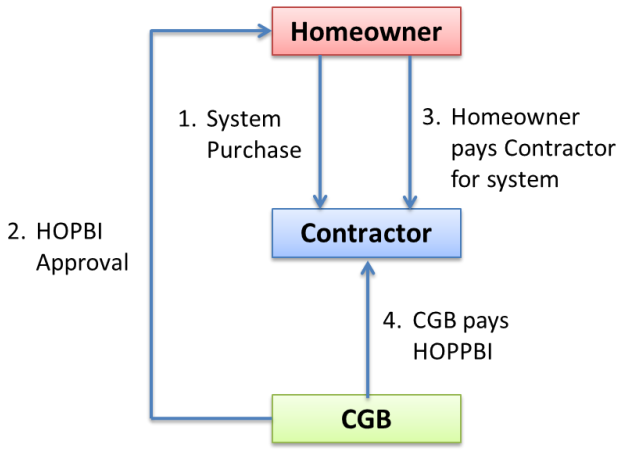
1. Homeowner contracts with the contractor to purchase a system net of the HOPBI and homeowner agrees to assign the HOPBI to the contractor when they are eligible to be paid (i.e. 30-day performance target is achieved);

2. Connecticut Green Bank approves homeowners application for the HOPBI and sets a 30-day performance target;

3. Homeowner pays for the system net of the HOPBI on the contractor's terms; and

4. Connecticut Green Bank pays the HOPBI to the contractor on behalf of the homeowner once the performance is verified.[6]

Figure 1. 30-Day HOPBI



As a result of the feedback we have received on the 30-day HOPBI, we have also created an option for those contractors that need to more closely manage their cash flow by providing them with working capital through a recourse loan facility. The 30-day HOPBI with a recourse loan facility is a 6-part process (see Figure 2) – two additional steps, including the following steps:

1. Homeowner contracts with the contractor to purchase a system net of the HOPBI and homeowner agrees to assign the HOPBI to the contractor when they are eligible to be paid (i.e. 30-day performance target is achieved);

2. Connecticut Green Bank approves homeowners application for the HOPBI and sets a 30-day performance target;

3. Contractor is approved for a loan in the amount of 100% of the HOPBI to be disbursed at equipment delivery (an additional step);

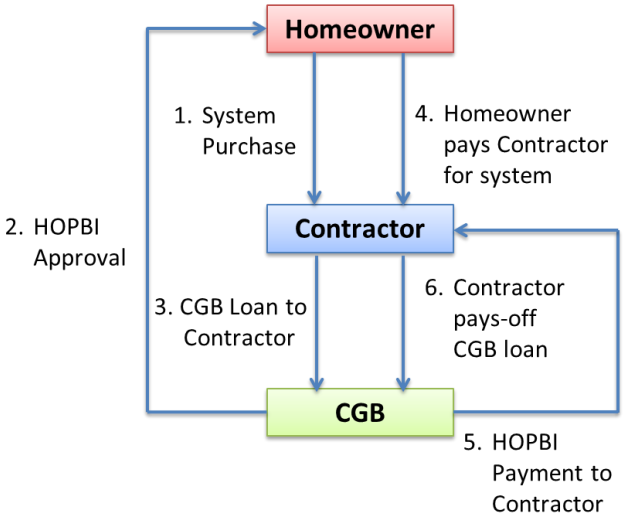
4. Homeowner pays for the system net of the HOPBI on the contractor's terms;

[6] HOPBI payment is made after the target performance has been verified. There is no time limitation as to when a system's performance achieves the target performance.

5. Connecticut Green Bank pays the HOPBI to the contractor on behalf of the homeowner once the performance is verified; and

6. Contractor pays off (i.e., cash) Connecticut Green Bank loan within 5 business days of receiving the HOPBI payment (an additional step).

Figure 2. 30-Day HOPBI with Recourse Loan Facility



The solution the staff is recommending – a 30-day HOPBI with an option of a recourse loan facility for those contractors that need it for working capital – has been vetted by external counsel for its tax implications on the consumer and contractor and consistency with the statute to preserve net metering for the customer. It has also received the support of local installers that are leading the homeownership of solar PV system market and who are creating a sustainable market for solar PV deployment.

Resolution

WHEREAS, Section 106 of Public Act 11-80 "An Act Concerning the Establishment of the Department of Energy and Environmental Protection and Planning for Connecticut's Energy Future" (the "Act") requires the Connecticut Green Bank ("Green Bank") to design and implement a Residential Solar Photovoltaic ("PV") Investment Program ("RSIP") that results in a minimum of thirty (30) megawatts of new residential PV installation in Connecticut before December 31, 2022;

WHEREAS, pursuant to Section 106 of the Act, the Green Bank has prepared a program plan and a declining incentive block schedule ("Schedule") that offer direct financial incentives in the form of Performance-Based Incentives ("PBI") (traditionally used for the lease and third party ownership model) and Expected Performance-Based Buy-down incentives ("EPBB") (rebate model traditionally used for the purchase of a PV system);

WHEREAS, on June 6, 2014, Public Act 14-134 "An Act Concerning Technical and Minor Revisions to and Repeal of Obsolete Provisions of Energy and Technology Statutes," was signed into law that has an adverse impact on the RSIP by not permitting households to net meter if they received an EPBB through the RSIP;

WHEREAS, outside legal counsel has provided a legal memorandum stating that the 2014 technical change impacts RSIP projects approved by the Green Bank after the effective date of Public Act 14-134, or June 6, 2014, but does not affect past contracts or contracts currently in effect;

WHEREAS, the residential solar PV market is on pace to be a $100 million market and a state-based solar industry that provides over 1,500 jobs, of which nearly 600 are direct jobs by the end of 2014;

WHEREAS, the Green Bank may modify the Schedule before the issuance of its next comprehensive plan to account for the prohibition on net metering because the expected return on investment for a typical residential solar PV system that receives an EPBB incentive will be affected by twenty per cent or more;

WHEREAS, the Green Bank has reached out to stakeholders on the problem to solicit workable solutions;

WHEREAS, the Green Bank staff recommends the creation of a Homeowner Performance Based Incentive ("HOPBI") as a second PBI with an optional recourse loan facility as described in the memorandum to the Board of Directors dated July 2, 2014.

THEREFORE:

RESOLVED, that the Board of Directors hereby approves the staff recommendation to establish a HOPBI as a second PBI for the purchase of residential Solar PV systems and as more specifically described in the memorandum to the Board of Directors dated July 2, 2014;

RESOLVED, that the Board of Directors hereby approves the staff recommendation to establish an optional recourse loan facility to support eligible Solar PV contractors that need working capital for RSIP projects that receive the HOPBI and as more specifically described in the memorandum to the Board of Directors dated July 2, 2014;

RESOLVED, that the RSIP projects approved by the Green Bank with an EPBB after June 6, 2014 are to be provided the HOPBI;

RESOLVED, that this Board of Director action is consistent with Section 106 of the Act; and

RESOLVED, that the proper Green Bank 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 these Resolutions and expeditiously implement the HOPBI solution.

APPENDIX I
Section 16-243b.

Definitions. Jurisdiction. (a) As used in this title:

(1) "Private power production facility" means a facility which generates electricity in the state (A) solely through the use of cogeneration technology, provided the average useful thermal energy output of the facility is at least twenty per cent of the total energy output of the facility, (B) solely through the use of renewable energy sources, or (C) through both only;

(2) "Useful thermal energy output" means the thermal energy made available for use in any industrial or commercial process, or used in any heating or cooling application;

(3) "Private power producer" means (A) a subsidiary of a gas public service company which is not affiliated with an electric public service company, or a subsidiary of a holding company controlling, directly or indirectly, a gas public service company but not an electric public service company, which generates electricity solely through ownership of fifty per cent or less of a private power production facility or, with the approval of the Public Utilities Regulatory Authority, through ownership of one hundred per cent of a private power production facility which (i) uses a source of energy other than gas as the primary energy source of the facility, or (ii) uses gas as the primary energy source of the facility and uses an improved and innovative technology which furthers the state energy policy as set forth in section 16a-35k, (B) a subsidiary of any other public service company or a subsidiary of a holding company controlling, directly or indirectly, such a public service company, which generates electricity solely through ownership of fifty per cent or less of a private power production facility, (C) the state, a political subdivision of the state or any other person, firm or corporation other than a public service company or any corporation which was a public service company, prior to July 1, 1981, and which consents to be regulated as a public service company or a holding company for a public service company, which generates electricity solely through ownership of one hundred per cent or less of a private power production facility, or (D) any combination thereof;

(4) "Private power provider" means any person, firm, corporation, nonprofit corporation, limited liability company, governmental entity, or other entity, including any public service company, holding company, or subsidiary, which provides energy conservation or demand management measures pursuant to section 16-243f and regulations and orders issued hereunder, which replace the need for electricity generating capacity that electric public service companies would otherwise require;

(5) "Electricity conservation or demand management measures" means the provision pursuant to this section and section 16-243f and regulations and orders adopted hereunder by a private power provider to an electric public service company or its customers of equipment or services or both designed to conserve electricity or to manage electricity load; and

(6) "Small renewable power project" means any private power production facility which has a capacity of five megawatts or less and is fueled by a renewable resource, as defined in section 16a-2, other than wood.

(b) No provision of this section shall limit the jurisdiction of the Public Utilities Regulatory Authority with regard to the effects on a public service company of a private power producer which is an affiliate or a subsidiary of the public service company.

APPENDIX II

Section 16-243h

Credit to residential customers who generate electricity; metering. On and after January 1, 2000, each electric supplier or any electric distribution company providing standard offer, transitional standard offer, standard service or back-up electric generation service, pursuant to section 16-244c, shall give a credit for any electricity generated by a customer from a Class I renewable energy source or a hydropower facility that has a nameplate capacity rating of two megawatts or less. The electric distribution company providing electric distribution services to such a customer shall make such interconnections necessary to accomplish such purpose. An electric distribution company, at the request of any residential customer served by such company and if necessary to implement the provisions of this section, shall provide for the installation of metering equipment that (1) measures electricity consumed by such customer from the facilities of the electric distribution company, (2) deducts from the measurement the amount of electricity produced by the customer and not consumed by the customer, and (3) registers, for each billing period, the net amount of electricity either (A) consumed and produced by the customer, or (B) the net amount of electricity produced by the customer. If, in a given monthly billing period, a customer-generator supplies more electricity to the electric distribution system than the electric distribution company or electric supplier delivers to the customer-generator, the electric distribution company or electric supplier shall credit the customer-generator for the excess by reducing the customer-generator's bill for the next monthly billing period to compensate for the excess electricity from the customer-generator in the previous billing period at a rate of one kilowatt-hour for one kilowatt-hour produced. The electric distribution company or electric supplier shall carry over the credits earned from monthly billing period to monthly billing period, and the credits shall accumulate until the end of the annualized period. At the end of each annualized period, the electric distribution company or electric supplier shall compensate the customer-generator for any excess kilowatt-hours generated, at the avoided cost of wholesale power. A customer who generates electricity from a generating unit with a nameplate capacity of more than ten kilowatts of electricity pursuant to the provisions of this section shall be assessed for the competitive transition assessment, pursuant to section 16-245g and the systems benefits charge, pursuant to section 16-245l, based on the amount of electricity consumed by the customer from the facilities of the electric distribution company without netting any electricity produced by the customer. For purposes of this section, "residential customer" means a customer of a single-family dwelling or multifamily dwelling consisting of two to four units.