

January 22, 2014

EEB – CEFIA Joint Meeting Notes

Participants:

Bryan Garcia, Jamie Howland [Co-chairs]; Daniel Esty [Commissioner – DEEP]

EEB – Neil Beup, Eric Brown, Diane Duva, Amanda Fargo-Johnson, Amy Thompson [Members], Ron Araujo, Chris Ehlert, Pat McDonnell [utilities]

CEFIA – Norma Glover [Member], Jessica Bailey, Andrew Brydges, Bert Hunter, Kerry O’Neill [Staff]

Consultants: Chris Kramer (Energy Futures Group), Timothy Cole (EEB – Scribe)

As co-chair, Bryan Garcia opened the meeting with the statement that it could not be considered an official meeting because it had not been duly noticed with the Office of the Secretary of the State. Discussion would be possible and welcome but no formal actions could be taken.

1. Introductions [See participants list above.]
2. Message from Commissioner Esty –
 - Officially returning to Yale first week of February. A new Commissioner will be named tomorrow by the Governor. Expects it will be someone we know from inside the DEEP leadership team.
 - Thanks to all for what has been a great 3 year run, especially on the Clean Energy and Energy Efficiency front. Excited about news reports are showing ramping up of clean energy. Structure in place to continue the process and sharpen what the invested dollars leverage in the marketplace.
 - Really important that EEB and CEFIA are collaborating. Not ideological about how collaboration goes forward. Practical. Be willing to test approaches and change as needed. CT seen as leader in finance for clean energy field – Green Bank widely recognized. CEFIA started almost from scratch. EEB reconfigured. Grateful to the utility partners and excited to see the CT utilities remake themselves and be compensated for delivering on the EE agenda. Thanks also to their teams.
 - Connecticut is being recognized for innovation not just in technology but in policy and financing, marketing, EnergizeCT, SolarizeCT, social networking tools.
 - Bryan Garcia – Thanks to Commissioner Esty. We will continue to look to you for insight and input even when back at Yale.
3. Improving Coordination – What’s Working and What’s Not Working
 - a) Financing
 - (1) Residential (i.e. OBR, Multifamily, Transition to Private Capital vs. Public Capital for Loans, etc.) –
 - Ron Araujo – Want to highlight partnership with CEFIA on multi-family loan product. 300K for loan loss reserve to back up capital CHIF has. Working on closing the gap in financing low income programs.
 - Dan Esty – Sees a model here – working on finance to close gaps previously not met. May need new incentives. Bryan Garcia – Multifamily and affordable housing is a top priority for CEFIA in 2014.
 - (2) Commercial and Industrial (i.e. C-PACE, Energy Audits, etc.)
 - Neil Beup – EEB’s C&I Committee has been working on promoting comprehensive approaches. Working with C-PACE has been a challenge, because we haven’t figured out

what the market is. EEB evaluation now trying to look at this. C-PACE isn't the right tool for everything.

- Jamie Howland – The committee is concerned about the issue that if customers can't be served by C-PACE they may walk away rather than find out what other options or products may be available.
- Ron Araujo – Don't sell the customer twice. Go in with a coordinated approach. Package behind the scenes how the financials are being handled.
- Eric Brown – Issue there seems to be confusion among customers about when to use C-PACE and CEFIA and when to go for EEF incentives.
- Dan Esty – Surprised to hear this because the chambers of commerce spoken to seem very enthusiastic about C-PACE.
- Eric Brown – The issue is to have the way to communicate clearly and straightforwardly with customers. Need to talk about philosophical principles – are we in agreement about the models the EEF and CEFIA are following.
- Bert Hunter – We don't get the same messages from the marketplace. What C-PACE does is offer long term financing. It does have a process – getting the application going. Some people don't like process. Lender consent involves another process and requirements. If you get over the hurdles, you have access to capital for deeper measures and renewables. A flexible and adaptable approach.
- Jessica Bailey – We hear mostly positive responses from building owners we think of as our customers. A lot of repeat customers. A good sign. Concern is voiced by contractors – review process is too demanding. But the process is required by statute and by financial markets. There has been criticism that the process takes too long. We are working on smoothing the process. Training contractors. Deals are going far deeper in energy efficiency gains than we expected. C-PACE not well suited when buildings and developers are not financially sound.
- Jamie Howland – Clearly important for both to identify areas where we need to work.
- Neil Beup – This is not a criticism of C-PACE as is, rather a question of how at the state level we are addressing the needs of the C&I market. All the options that are available need to be presented in a unified way.
- Kerry O'Neill – Currently addressing confusion in residential market among contractors. May be a model for working with C&I. Contractors have to be able to put things in context. Example what we're doing with multi-family project with CL&P.
- Dan Esty – Aim to be able to present the unified customer experience, simplified from the point of view of the customer – an EnergizeCT united front, without worrying about which agency or fund is behind.
 - ◇ Start with a basic survey of questions to help us guide them where they need to go. The TurboTax model.
 - ◇ Secondly, smooth handling behind the scenes.
 - ◇ Third – get the data to see which categories of customers should be directed where.

Key to keep moving toward model of financing coupled with subsidy in order to have sustainable and scalable program. Promote competitiveness in business sector – reduce energy costs businesses have to carry. People don't understand about interest rates – key is to show when they become cash flow positive. Pressure not to continue relying on ratepayer and taxpayer dollars.

- **Action Needed** – Bert Hunter – Suggest that he and Jessica Bailey get together with Neil Beup, Eric Brown, Ron Araujo and Pat McDonnell to talk through the issues here.

- Dan Esty – Stress the EnergizeCT team concept. We should minimize work customers have to do to sort out options. Come to them on their terms.
- Neil Beup – Ultimately we want to get to a time when the markets will sustain themselves. Market segmentation work the companies are doing will be helpful in pointing this way.
- Dan Esty – Key too that the utilities will be seen as providing services they will be paid for, not only electrons – such as distributed generation, renewables, micro-grids, energy efficiency. The company CEOs are thinking about this already. Be with your customer, not against them.

(3) Financing Options –

- Jamie Howland - Continuing coordination going on between EEB and CEFIA toward development of on-bill financing. Working groups have been set up with the goal to bring Smart-E Loan financing into on-bill. – A number of financing programs now available that need to be coordinated.
- Kerry O’Neill – One problem needing to be addressed is that it is worrisome to lenders to be competing with subsidized products. \$28 million already raised. Relationship issues are hot. Need to see Smart E-loan product grown.
- Jamie Howland – What about the Furnace and Boiler Replacement program?
- Kerry – O’Neill – that program was legislated. Managed by companies. It is neither a CEFIA or EEB program.
- Kerry O’Neill – A challenge for contractors to figure out which financing option is best. Also to be taken into account are private sources they may be looking at, such as manufacturer financing.
- Pat McDonnell – Is there a way for CEFIA to work in the background. Example – letting a CHIF be the administrator for instance with private capital behind.
- Bert Hunter – Servicing and originating need to be taken into account. These are also costs needing to be covered.

b) Marketing –

(1) Energize CT –

- Diane Duva - A lot going on. The theme is harmonization. EEB is developing a Marketing Plan. General awareness campaign. Branding. Marketing research. Want to make sure companies’ marketing research and EEB’s are shared with CEFIA and vice versa. There is a budget for this plan included in the Decision, additional \$2 million for campaign.
- Ron Araujo – More detailed plans are in the works – the companies’ implementation plans behind the Plan.
- Diane Duva – in terms of timeline, aiming for spring time launch. Promoting broad public awareness. Also a campaign specifically for residential and small biz markets.
- Jamie Howland – The goal is both to spur action and build positive feelings about EE that will motivate people down the road.
- Diane Duva – Right, change how people think about energy in CT.
- Eric Brown – Can we add opportunities for feedback? We send people to ECT. How was their experience?
- Diane Duva – Positive continuous improvement regarding how website is operated and developed is built in. Part of the website enhancement work. Never-ending effort, but with some priorities highlighted now: General awareness of Energize CT. How do we value energy in our home/business? Drafts of the Plan will be shared with EEB and with CEFIA for feedback.
- Kerry O’Neill seems like \$2 million is a not a lot given the goals – Pat McDonnell agreed.

- Diane Duva – We will be looking at the budget also with respect to scheduling.
 - Jamie Howland – Metrics are in place already for seeing what people are doing who go to the website. Don't yet know about people who don't come there. We do know people come to the page to change electric suppliers. We want to leverage those visits.
- (2) Community Campaigns (i.e. Energize CT Pilots, Thermal Imaging Pilot, etc.)
- Bryan Garcia – What are next steps to identify towns ready for campaigns?
 - Pat McDonnell – Norwich was gas focused. Worked well. Working with gas companies to identify top choice towns.
 - Ron Araujo – Also looking at towns ready for on-main conversions as well as those that may be receptive to HES & HES-IE.
 - Diane Duva – Getting ready to move on this by spring.
 - Kerry O'Neill – We are continuing in Norwich. Just the beginning of the momentum. Working with the community on a conservation plan.
 - Jamie Howland – How does this mesh with Clean Energy Communities going forward? How about the question of using the Energize CT brand.
 - Pat McDonnell – The EEB Marketing committee concerned about the EnergizeTown concept. Compromise the Energize CT brand. Clean Energy Communities an alternative, especially if framed in terms of campaigns.
 - Diane Duva – What needs clarifying on this?
 - **Action Needed** – Jamie Howland - Suggest a small side meeting to sort this out. An action item. To write the guidelines how to apply Energize CT initiatives to towns.
 - Bert Hunter / Kerry O'Neill – In Norwich the availability of financing drove conversions up even when people did not use financing. Using a campaign partner. Paid for infrared imaging, then a share on loans closed. In 4 towns. 20K households driven to HES.
 - Jamie Howland – Why didn't we know about this? 20K households is a lot for HES to process. What is the impact on HES vendors?
 - Bryan Garcia – Right we should work with you on this.
 - Kerry O'Neill – CEFIA philosophically thinks in market terms. How do contractors think about what our programs are doing?
 - Ron Araujo you need to call us and tell us. Concern about cost of providing service. Don't want to see co-pay structure manipulated for instance.
 - Jamie Howland – HES vendors need to get the information about what you're doing up front.
 - Amy Thompson – Fundamentally we want to see a more coordinated effort on the program design and redesign processes. We don't have this now. EEB Program Administrators should be able to provide input to your programs and likewise CEFIA should have input in our program designs. We should have a structure for doing this. Meeting's like this won't do it.
 - Bryan Garcia – The EEB and CEFIA have goals and targets. We need to make sure they are better aligned. EEB's goal is energy savings. CEFIA's goal is to attract private investment (versus using ratepayer funds) to deliver deeper energy savings.
 - Jamie Howland – Suggest there be a monthly calls with the Residential committee, and also on the C&I side.
 - Ron Araujo – We need to connect when something is happening. Kerry O'Neill should be talking to Lomont White and Marissa Westbrook, Jessica Bailey should be talking with Tim Simmonds and Roy Haller regularly.

4. Legislative Initiatives

- Bryan Garcia – CEFIA is proposing to include microgrids in C-PACE and to rename CEFIA as Connecticut’s Green Bank. Microgrids are not necessarily affixed to the properties benefitting. Compare distributed generation. CEFIA wants C-PACE to be able set up projects that serve other properties.
5. C&LM Plan – Jamie Howland – the 2014 Update is in process. Board will review near-final draft on 2/19.
 6. CEFIA Plan – Bryan Garcia – In the last year of multiyear plan. Will put a structure together for review by Budget Operations Committee and board. Focus on policy drivers. Will include C&LM plan as a driver. Now on a calendar year cycle. But likely to align with fiscal year – taking the new plan through mid-2016. Planning to begin in the spring for a June approval.
 7. Other – What is on the Horizon?
 - Jamie Howland – Expanding opportunities for multi-families and solar thermal? Kerry O’Neill - We’re hearing from SolarCT about residential solar thermal. Pat McDonnell – We need to be ready with a response. Ron Araujo - We should talk. Bryan Garcia will look at data on this.
 - Diane Duva - Is anyone working on geothermal? Jamie Howland – No capital available to go higher, beyond existing programs. The old incentives are not coming back. Nothing in development. Already highly incented products.
 - Ron Araujo – We should look at a streamlined product for conversion to high efficiency oil boilers. Jessica Bailey – We do have a “boiler lite” process to look at projects. A fee to get them reviewed. 2-3 have been completed. No marketing yet around it. Ron Araujo – Want to be sure my team is fully aware of this.
 - Diane Duva – WNPR this week is promoting C-PACE. Ron Araujo – Why c-pace.com instead of EnergizeCT? Something to avoid in the future. EnergizeCT can redirect to other sites. Please let us know when campaigns are launched so we can be sure the WISE-USE call centers know about it.
 - Eric Brown – Also interested in highlighting programs with businesses. Looking for information on my end on how we can do this together. Will try to get our connections in the loop. Diane Duva – DEEP is working on getting the Business Sustainability Challenge out there – using contacts with business community, such as CBIA. On residential side continuing the innovation workshops – roundtables for professionals. Coordinated with Residential Committee meetings.
 - Neil Beup – C&I committee is interested in looking at Non-Energy Benefits as well, help customers see waste reduction and other savings beyond energy savings. Let’s integrate this into C-PACE conversation too.
 8. Pathways Forward – Next Steps
 - **Action Needed** – Bryan Garcia – Quarterly meetings of this group seem right. Jamie Howland – Agreed. Enough side meetings will be flowing from this conversation.
 - Jamie Howland – Need to discuss aligning rebates and loans as Commissioner Esty suggested. Are there areas where we could cut back on incentives because C-PACE is moving in? Are we sure we don’t create circumstances where ratepayers’ incentives are actually going up? Don’t want to slow down C-PACE which is now in ramp up.

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