

**Clean Energy Finance and Investment Authority and
Connecticut Energy Efficiency Fund
Joint Advisory Committee Meeting
Minutes – Special
Wednesday, December 5, 2012**

A special meeting of the **Clean Energy Finance and Investment Authority (“CEFIA”)** and the **Connecticut Energy Efficiency Fund (“CEEF”)** (the “Joint Advisory Committee”) was held on December 5, 2012, at the office of the CEFIA, 865 Brook Street, Rocky Hill, CT.

1. **Call to Order:** Bryan Garcia called the meeting to order at 12:40 p.m. Joint Advisory Committee members participating: Ron Araujo (CEEF Administrator – CL&P), Bryan Garcia (CEFIA Board), Norma Glover (CEFIA Board), Jaime Howland (CEEF Board), Dave Ljungquist (CEFIA Staff), Pat McDonnell (CEEF Administrator—UI), Rick Rodrigue (CEEF Board), and Bob Wall (CEFIA Staff) by phone.

Others: Mackey Dykes (CEFIA), David Goldberg (CEFIA), Bert Hunter (CEFIA), Alex Kragie (DEEP), and Jeff Schlegel (CEEF Consultant).

2. **Public Comments:**

Ms. Glover mentioned an article written on November 30, 2012 in *The Hartford Courant* called “[Plainville Wood-Panel Maker Hailed as Model for Manufacturing Efficiency](#)”. The article referred to the company as a model for manufacturing efficiency and described the programs the company used through the Connecticut Energy Efficiency Fund to become more energy efficient.

3. **Approval of Meeting Minutes:**

Mr. Garcia asked the Joint Advisory Committee members to consider the minutes from the September 5, 2012 meeting.

Upon a motion made by Mr. Rodrigue, seconded by Ms. Glover, the Joint Advisory Committee members voted unanimously in favor of approving the minutes from the September 5, 2012 meeting as presented.

4. **Program Updates:**

Mr. Howland spoke about the written letter provided by the Connecticut Energy Efficiency Fund to CEFIA as a follow-up on the Energy Efficiency Board letter dated November 29 that was provided to the CEFIA Deployment Committee on November 30, 2012 about the “Equipment Replacement and Clean Energy Loan Pilot.” He summarized some of the things that are key to an effective financing program, including

the following four financing criteria: 1) the financing process must be convenient from a customer perspective and streamlined from a programmatic perspective; 2) the product must be attractive and economical from a customer perspective; 3) the product should be economical from a program perspective; and 4) the product must meet the needs of targeted market segments. Mr. Howland urged CEFIA to keep the cost of capital as low as possible and program as flexible as possible and have the ability to make adjustments if necessary. Mr. Hunter noted that CEFIA has received positive feedback about the proposed interest rates thus far from the credit unions. He mentioned that at the November 30 CEFIA Deployment Committee meeting, the Deployment Committee voted to expand the program to serve all the territories throughout the state. Mr. Howland indicated that the Energy Efficiency Board hopes the interest rates will be below the “not-to-exceed” rates identified in the program description. Some concerns were expressed that lower FICO scoring applicants may not qualify under the program. Mr. Garcia talked about the different scores and how those scores are considered by the credit unions. A discussion ensued on some of the challenges with trying to incent the lending institutions to reach the lower scoring households while also trying, to the extent possible, not to use ratepayer funds for the program. Mr. Garcia mentioned that CEFIA will have other programs specifically designed for low-income households. In response to a question, it was noted that one of CEFIA’s goals is to have complementary programs with others and not to duplicate funding or efforts. Mr. Howland reiterated the need to negotiate the lowest rates possible and to develop a program that is better than programs currently available to consumers. In response to a question, Mr. Hunter stated that CEFIA looked at different programs and models and tried to take the best elements from each of the programs to develop CEFIA’s program.

Mr. Garcia discussed the Residential Clean Energy Financing Program, noting that \$2,500,000 in loan loss reserve funds is anticipated to attract about \$28,000,000 of private capital from credit unions. He talked about the Residential Energy Efficiency and Equipment Replacement Loan Program. A discussion ensued on the vendor qualification process. In addition to the CEFIA- approved and public utility-approved vendors, Mr. Garcia noted that a process will have to be developed to determine how to allow other vendors to qualify and participate. Mr. Hunter described the structure of the loan loss reserve.

Mr. Garcia spoke about the Energy Smart Solutions mega-communities stakeholder process that was held between August and October 2012. The purpose of the process was to bring input to the state’s planning process around residential energy efficiency programs. Three committees were formed—program design, marketing and finance. The finance committee was chaired by Mr. Garcia and included participants from 16 different organizations. The stakeholder process resulted in the issuance of a report that focuses on three key constituents—contractors, customers and capital providers. Mr. Garcia stated that report provides recommendations for the Energy Efficiency Board’s Conservation Load Management Plan and the Draft Comprehensive Energy Strategy (“CES”). He reviewed the financing committee process and key recommendations. The finance committee looked at seven (7) states that were implementing residential energy efficiency financing programs, four of which are in the

“Top 5” best ranked ACEEE report card states. These states included California, Connecticut, Maine, Massachusetts, Michigan, New York, and Oregon. The report provides a thorough review of each financing program characteristics, process, and performance.

Mr. Garcia passed out a letter from Commissioner Esty to him, which requested that CEFIA be charged by DEEP to develop two pilot residential financing programs that attract private capital investment – a credit union program and an on-bill repayment program. CEFIA will use the repurposed AARA-SEP funds from DOE and DEEP for credit enhancements to support the programs. CEFIA will coordinate with the electric distribution companies and members of the Energy Efficiency Board to incorporate the appropriate incentives and prevent customer confusion with CHIF loans and co-brand with EnergizeCT.

Mr. Garcia mentioned that CEFIA will be submitting formal comments to DEEP on the CES.

Mr. Araujo talked about the Home Energy Solutions Program and stated that the vendor selection process is being completed, and 30 vendors will be selected for 2013. The vendors selected will have a one-year contract with the option to renew in 2014. Anyone not selected may have the ability to perform the services but will not be paid up front under the program. Mr. Araujo explained that expanding the vendor pool for 2013 is expected to drive the costs down.

Mr. Araujo provided the third quarter report on programs for CL&P, noting that the total budget for spending through the third quarter of 2012 was \$102,000,000 and actual spending was approximately \$74,000,000. He indicated that actual revenues are slightly ahead of planned revenues for 2012. Mr. Araujo mentioned that PURA issued a final decision allowing an \$18,000,000 carryover from 2011, and the 2012 budget has been revised based on that decision. He mentioned that DEEP has asked that funds in the amount of \$5,500,000 be utilized for self-funding of residential loans. Mr. Araujo provided a comparison and update on the status of the residential programs. He also provided an update on the residential/commercial, large retrofit and other programs.

Mr. McDonnell summarized the third quarter report for United Illuminating. He indicated that revenues are better than projected. Mr. McDonnell mentioned that RGGI proceeds are greater than anticipated. He summarized that the residential programs have been stronger than the retail products. Mr. McDonnell spoke about the partnership with DEEP and CEFIA to encourage more participation by UI towns in the Clean Energy Communities Program. There was consensus that the quarterly updates are very helpful for the Joint Advisory Committee to review on a quarterly basis.

Mr. Garcia and Mr. Hunter provided an update on CEFIA’s residential financing programs, including 1) the solar PV and Solar Hot Water Systems Lease and PPA; 2) the Solar Loan Pilot; 3) the Competitive Solar PV Loan Pilot—Capital Competition; 4) the Cozy Loans—Low-Income Energy Loan Fund Pilot; and 5) the Equipment Replacement and Clean Energy Loan Pilot. In response to a question about the

equipment conversion, a suggestion was made to increase incentives or lower the interest rate for higher efficiency equipment. It was noted that not all conversions will require complete boiler or furnace replacement. Mr. Garcia stated that CEFIA will ensure that the program developed meets the requirements of the statute (i.e. Section 116 of Public Act 11-80) in the very least and the policy of CEEF in practice. After a discussion on whether CEFIA's program will offer financing for the conversion of oil heating to gas heating equipment, CEFIA staff indicated that CEFIA would like to provide a suite of options to enable fuel switching and choices for consumers to make upgrades and will work with DEEP to determine what is appropriate.

An update was provided on C-PACE. Mr. Hunter mentioned that six towns have signed agreements and CEFIA is working with a number of other towns. A Request for Qualifications for capital providers resulted in the approval of eight financiers. A Request for Proposals process was completed for a third-party administrator for project management, technical assistance, financial oversight and coordination with CEFIA. The program guidelines have been completed, and the program will be formally launched in January by Governor Malloy.

5. Marketing Program Update:

Mr. Schlegel provided an update on EnergizeCT, a joint marketing effort between CEFIA, CEEF and DEEP. Content uploading and compilation of information is near completion for the Website. Final editing will be completed by the end of December, and the Website will be launched on or about January 2, 2013. Various links will be identified on the Website, and the EnergizeCT brand will be incorporated. Mr. Schlegel mentioned that it is anticipated that Governor Malloy and/or Commissioner Esty will make several appearances in early January to recognize the EnergizeCT brand.

A discussion ensued on reimbursement to CL&P for marketing costs. A Personal Service Agreement between CL&P and CEFIA may be necessary to expedite the reimbursement process.

Mr. Wall reported on CEFIA's Solarize Program. He noted that the first phase was due to end December 14. However, because of the impacts on many of the towns from storm Sandy, an extension will be granted until January 14, 2013. Mr. Wall indicated that in response to an issue that has arisen regarding Home Energy Solution vendors, CEFIA is working on an amendment to the process. Mr. Garcia reported that installed costs are coming down because of the competition, and CEFIA is learning a lot from the marketing program that may be applicable to energy efficiency.

6. Next Steps:

Ms. Glover reiterated the need to work as closely as possible with the various agencies to avoid duplication of efforts and funding. From the Energy Efficiency Board's view, Mr. Howland stated that the respective staffs and consultants should be involved in processes and before decisions are made.

There was general consensus that rather than having updates at the quarterly meetings, the meetings should be more action related.

7. **Adjournment**: The meeting was adjourned at 2:34 p.m.