

**BUDGET AND OPERATIONS COMMITTEE OF THE
CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY
Minutes – Special Meeting
Tuesday, June 11, 2013**

A special meeting of the Budget and Operations Committee (“Budget Committee”) of the Board of Directors of the **Clean Energy Finance and Investment Authority (the “CEFIA”)** was held on June 11, 2013, at the office of the Clean Energy Finance and Investment Authority, 845 Brook Street, Rocky Hill, CT 06067.

1. **Call to Order:** Daniel Esty, Chairperson of the Budget Committee, called the meeting to order at 1:40 p.m. Budget Committee members participating: Mun Choi (by phone), Daniel Esty, and Norma Glover.

Staff Attending: George Bellas, Mackey Dykes, Brian Farnen (by phone), Bryan Garcia, Bert Hunter, and Shelly Mondo.

Others Present: Alex Kragie, Department of Energy and Environmental Protection, (by phone).

2. **Public Comments:** There were no public comments.

3. **Approval of Meeting Minutes:**

Mr. Esty asked the Budget Committee members to consider the minutes from the May 9, 2013 meeting.

Upon a motion made by Ms. Glover, seconded by Mr. Choi, the Budget Committee members voted unanimously in favor of adopting the minutes from the May 9, 2013 meeting as presented.

4. **Review of FY14 Budget:**

Mr. Dykes explained that since the last Budget and Operations Committee meeting in May, special meetings were held on June 6 and June 10 with members of the Board; and respective sector directors provided presentations on program performance, key metrics, lessons learned for fiscal year 2013, and quarterly targets for fiscal year 2014.

In response to a question from Mrs. Glover about changes in revenues as a result of the legislative session, a suggestion was made to provide the Board with an update on the legislation benefitting and impacting CEFIA. It was noted that the legislative action to take funding from CEFIA will not have any significant programmatic impact. Mr. Esty explained that the legislature passed a bill authorizing him to reallocate a portion of the Regional Greenhouse Gas Initiative (“RGGI”) funding to CEFIA for energy efficiency

projects. He expressed his intention to transfer excess funds from RGGI beyond amounts previously budgeted to the utility companies and CEEF for energy efficiency programs, which should make CEFIA whole over the next two years. Staff explained that over the next two years, \$25,000,000 from CEFIA will go to the State's general budget, and the excess RGGI energy efficiency funding is anticipated to be approximately \$29,000,000 over the next two years. Mr. Esty explained the allocation of RGGI funding between CEFIA and the Connecticut Energy Efficiency Fund ("CEEF") and noted that CEEF's portion of utility assessments will be increasing substantially as a result of new legislation. The Budget Committee requested a summary of the RGGI program and history on the full RGGI revenues over the last 5 years for the June 21 Board meeting.

Mr. Dykes reviewed the actual and projected revenues for utility assessments. The Budget Committee members discussed projected income for fiscal year 2014. Staff was asked to label the charts to show the fiscal year. Staff was also asked to explain how the projected revenues compare with and contrast with past revenues.

Staff reviewed proposed fiscal year 2014 expenditures by program. Staffing projections for the Solar PV Capital Competition and Energy Efficiency Loan Program are not yet known. It was noted that the marketing budgets will be higher because CEFIA's focus for 2014 is on the deployment of programs. Mr. Garcia mentioned that staff directors will provide the Board with quarterly reports on progress towards targets. He explained some of the efforts made with stakeholders through press releases, Webinars, e-mails and phone calls about funding and CEFIA's commitment to providing financing programs. Mr. Garcia spoke about the residential program quarterly targets for fiscal year 2014.

Staff discussed the significant ramp up of the commercial and industrial programs. It is anticipated that \$9,500,000 will be presented to the Deployment Committee for approval on July 2. The Budget Committee members discussed the quarterly targets for fiscal year 2014 for the commercial and industrial programs. In response to a question about the deployment of the Clean Energy Business Solutions program, it was noted that staff continues to have discussions with companies to draw them to Connecticut and utilize the program to help defray energy costs. A suggestion was made to utilize some of the funds to bring battery companies back into Connecticut.

The projected expenses and quarterly targets for the institutional programs (Campus Efficiency Now, Solar Lease WINN LISC and Lead by Example) were discussed. Mr. Garcia mentioned that Andy Brydges was recently hired as the Director of Institutional Programs to manage the programs.

Mr. Garcia discussed the infrastructure programs, including the Grid-Tied Loan Program and Microgrid Program. He mentioned that construction has begun on the Bridgeport Fuel Cell project, and siting issues are being worked out on the Colebrook Wind Project. Mr. Garcia stated that staff is working with DEEP and the Brattle Group to understand

microgrid financing opportunities and potential for a fuel cell investment fund. He noted some of the complexities with the technology and interplay with the utilities.

The Budget Committee members reviewed the projected expenses and quarterly targets for the statutory programs, including the Residential Solar Investment Program, Combined Heat and Power Program and Anaerobic Digester Program. In response to a question, it was noted that based on the sector targets and goals for deployment through 2014, CEFIA is ahead of targets in all subsectors. Mr. Garcia spoke about the efforts being made to improve efficiencies with the ramp up of programs.

Mr. Garcia provided an overview of the loans and investments, credit enhancements, grants and rebates, program and administrative expenses and employees for each of the program sectors. He spoke about the performance of each sector against the Comprehensive Plan targets.

Mr. Dykes reported that the transition of the technology innovations program is complete. The early stage technology innovation programs have been transitioned to Connecticut Innovations for management. Workforce development and education programs have been transitioned to United Illuminating. The Clean Energy Communities Program has been restructured to align with the new mission of clean energy deployment and financing and support goals of CEFIA's four sectors.

Mr. Dykes stated that the outstanding commitments have been reduced from \$27,000,000 to \$12,000,000 as of April 30, 2013. The Budget Committee members asked staff to consider a portion of the \$7,000,000 committed for the Onsite Distributed Generation for microgrid projects. Mr. Dykes indicated that the goal is to further reduce the outstanding commitments to \$10,000,000 by the end of the fiscal year.

Mr. Garcia attributed the success of CEFIA with having the right committed staff in place. He explained the need to have tools in place to attract and retain staff. Opening up an office in Stamford in FY 2013 was a key part of this strategy. Mr. Garcia spoke about some of the things being discussed internally, including: 1) a cost of living adjustment, 2) merit compensation which has been used in the past, 3) salary range revisions based on a market assessment, and 4) an incentive plan that aligns with performance against the Comprehensive Plan for the Director Level II positions and above. The Budget Committee members discussed the options presented by staff and some concern was expressed with providing salary increases given the current economy in Connecticut. A suggestion was made to consider cost of living increases that mirror the state. Staff explained the rationale for making salary range revisions, and a concern was expressed with comparing CEFIA salaries against private industry salaries. Staff clarified that the proposal is to change salary ranges but not increase existing salaries. Staff will consider other ways to try to provide incentives to retain and attract quality employees.

Mr. Garcia reviewed the proposed position changes, which include adding five positions and eliminating one position. Some concern was expressed with increasing staff by approximately 10 percent while other government agencies are shrinking.

The Budget Committee members discussed how to proceed with making a recommendation on the proposed fiscal year 2014 budget.

There was general consensus to recommend the proposed budget but not to make any recommendations with respect to the proposed increase in staff and the salary adjustments (COLA, merit, salary range revisions and incentive plan). The Budget Committee members felt that it would be more appropriate for the full Board to discuss the salary adjustments and proposed increase in staff.

Upon a motion made by Mr. Choi, seconded by Ms. Glover the Budget and Operations Committee voted unanimously in favor of recommending to the Board for consideration the proposed fiscal year 2014 budget for CEFIA with the exception of not making a specific recommendation with respect to salary adjustments (COLA, merit, salary range revisions and incentive plan) and the proposed increase in staff.

5. **Adjournment:** Upon a motion made by Ms. Glover, seconded by Mr. Choi, the Budget Committee members voted unanimously in favor of adjourning the June 11, 2013 meeting at 3:08 p.m.

Respectfully submitted,

Daniel Esty, Chairperson of Budget
Committee