

**BUDGET AND OPERATIONS COMMITTEE OF THE  
CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY  
Minutes – Special Meeting  
Wednesday, September 26, 2012**

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 September 26, 2012, at the office of the Department of Energy and Environmental Protection, 79 Elm Street, Hartford, CT.

1. **Call to Order:** Daniel Esty, Chairperson of the Budget Committee, called the meeting to order at 4:45 p.m. Budget Committee members participating: Mun Choi (by phone), Daniel Esty, and Norma Glover.

Staff Attending: Mackey Dykes, Brian Farnen, Bryan Garcia, and Shelly Mondo.

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

3. **Review of Program Metrics and Open Commitments:**

Mr. Dykes began by reviewing the overall program breakdown for the fiscal year 2013 budget. A question arose regarding the composition of the total expenses reported for each of the categories. Staff was asked to break out the expenses in more detail. A question arose about administrative costs in comparison with the private sector, and a suggestion was made for staff to run CEFIA like a business and therefore keep administrative costs as low as possible.

The Budget Committee members reviewed the proposed performance metrics, and staff was asked to reword the metrics to specify the targeted accomplishments. A general discussion ensued on metrics versus targets. It was noted that metrics are used on an ongoing basis to gauge results. A suggestion was made to change the word “metrics” to “targets” under each of the program pages. The Budget Committee members discussed megawatt targets. Mr. Dykes explained that CEFIA does not have the ability to forecast megawatts for commercial projects. Some concern was expressed with targeting only CO<sub>2</sub> emissions displaced annually and a suggestion was made to also target NO<sub>x</sub> or annual carbon. A discussion ensued on the targeted clean energy deployed in megawatt hours. It was noted that the targeted amount does not include the grid-tied projects.

Mr. Garcia spoke about the significant amount of private capital CEFIA projects to attract with approximately \$24,500,000 of debt through the end of calendar year 2014. After discussing the financing programs, a suggestion was made to include the word “industrial” with “capital.” A question arose as to whether the Commercial and Industrial Property Assessed Clean Energy (“C-PACE”) Program should be a separate category under the financing programs.

A discussion ensued on efficiency programs, and it was noted that CEFIA has the tools to administer some new programs and should be prepared. Mr. Esty stated that included in the Governor's Comprehensive Energy Strategy that will be announced, is a goal to achieve the conversion of a specific number of furnaces for homes and businesses to natural gas over the next 7 years. The Budget Committee members noted the importance and efficiencies with having a more encompassing program that includes appliances. Attorney Farnen spoke about some of the issues that may arise with the inclusion of appliances. The Budget Committee members discussed a preliminary program which would include a 10 year payback, half of the savings immediate, a shut-off provision, on-bill financing, no or very little (\$1,000) money upfront and no-interest buydown. The variable should be the length of loan repayment but no longer than 10 years. It was noted that the shutoff provision helps to reduce the default risk.

The Budget Committee members discussed a separate program for low-income homeowners potentially through community banks and some degree of government financing to buy down the interest rates and absorb loan losses. It was noted that the program should not include a shut off provision, and the homeowner should realize at least half or more of the savings up front. The Budget Committee members discussed some of the benefits to the financiers by separating the low-income program and having a shut off provision. If appliances cannot be included under the program, the Budget Committee members asked staff to consider a third program to fund the appliances. Staff was asked to determine if there are any legal or other issues with including appliances under a main program and whether PURA will approve a program that includes appliances.

The Budget Committee members asked staff to show how the administrative costs and staffing is broken out for each of the six program categories. They noted the need to have a clear metrics to help determine the cost effectiveness of each program and in comparison with each other. Staff was asked to also include information about megawatts per dollar of CEFIA funds deployed. If the information is not available for each program, targets should be included.

Staff reviewed the old CCEF model versus the new CEFIA model for comparing residential solar PV to show how CEFIA is moving faster, with fewer costs and producing more. Staff was asked to include the reporting time frame in the materials.

Mr. Dykes discussed the Commercial/Industrial programs, the Municipal, University, School and Hospital ("MUSH") Loan Program, statutory programs other programs. He spoke about the closure of the transition programs (Alpha and Operational Demonstration). Mr. Choi indicated that staff is performing due diligence on two projects that may be brought to the Technology Innovations Committee in the near future and noted the potential for two additional projects. The Budget Committee discussed how to proceed with projects under the Anaerobic Digester Pilot Program.

Mr. Garcia discussed the proposed organizational structure as a result of CEFIA's focus on financing and model to attract private capital investment in Connecticut. He reviewed the key positions. Mr. Garcia indicated that job descriptions are being drafted and will be brought to the Budget Committee at the next meeting and before requesting Board approval. The Budget Committee members noted the importance of having the right people in the positions and the need to potentially hire a firm to help fill the position(s).

4. **Adjournment**: Upon a motion made by Mr. Choi, seconded by Ms. Glover, the Budget Committee members voted unanimously in favor of adjourning the September 26, 2012, meeting at 7:15 p.m.

Respectfully submitted,

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Daniel Esty, Chairperson of Budget  
Committee