

**DEPLOYMENT COMMITTEE OF THE
CONNECTICUT GREEN BANK
Minutes – Special Meeting
Thursday, August 20, 2014**

A special meeting of the Deployment Committee (“Deployment Committee”) of the Board of Directors of the **Connecticut Green Bank (the “Green Bank”)** was held on August 20, 2014, at the office of the Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT in the Colonel Albert Pope Board Room.

1. **Call to Order:** Reed Hundt, Chairperson of the Deployment Committee, called the meeting to order at 4:05 p.m. Deployment Committee members participating: Bettina Ferguson, State Treasurer’s Office (by phone); Reed Hundt (by phone), and Matthew Ranelli (by phone).

Members Absent: Patricia Wrice.

Staff Attending: George Bellas, Joe Buonannata, Mackey Dykes, Brian Farnen (by phone), Bryan Garcia, Ben Healey (by phone), Bert Hunter (by phone), Cheryl Samuels.

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

3. **Approval of Minutes:**

Mr. Garcia asked the Deployment Committee members to consider the minutes from the May 15, 2014 meeting.

Upon a motion made Mr. Hundt, seconded by Ms. Ferguson, the Deployment Committee members voted unanimously in favor of adopting the minutes from the May 15, 2014 meeting with one grammatical edit.

4. **Statutory and Infrastructure Updates and Recommendations:**

a. Residential Solar Investment Program

Mr. Garcia explained to the Deployment Committee that through the Residential Solar Investment Program (the “RSIP”), the Connecticut Green Bank achieved the legislative minimum target of 30 megawatts (“MW”) of solar eight years ahead of its end of 2022 deadline and under budget. He added that, to date, the Green Bank has approved 33 MW worth of projects – with approximately 21 MW being either fully commissioned or in process, and approximately 12 MW in the process of installation. Since 2011, installed costs of clean

energy have been reduced by nearly 20% and incentives reduced by 35%, while demand has doubled in the past two years alone. Mr. Garcia continued by stating that Connecticut is providing consumers less state incentives while delivering the same watts per capita as Massachusetts and likely more than New York and New Jersey. Also, the RSIP is doing more clean energy deployment with less ratepayer resources than any class of the ZREC.

Mr. Hundt congratulated the Green Bank on its accomplishments. A discussion then ensued regarding incentive levels in neighboring states. Mr. Garcia explained that other states are paying more to do the same as what is being done in Connecticut. Mr. Hedman added that in Connecticut, the RSIP is viewed by installers as a stable environment, allowing for the Green Bank to gradually lower incentive costs. Mr. Ranelli noted that installers in the RSIP know what they are going to get with some certainty, to which Mr. Dykes replied that the Green Bank let the installer community know several weeks ago of the change in incentive level that is set to take effect on September 1, 2014.

Mr. Ranelli raised the question of what impact the increase of the cost to the consumer will have on those interested in going solar in the future. He stated that the Green Bank should make clear that the actual cost to the consumer has gone down due to many other factors. Mr. Hundt added that cost continues to be relative to the grid price, so as long as the differential between the price of solar and the grid price remains significant, the benefits of solar will still be evident.

Mr. Garcia explained to the Deployment Committee that over the past several months, the Green Bank had a series of internal deep dive sessions to discuss what the next generation of the RSIP could look like. Following these sessions, three separate discussions were held with the solar industry: with SolarCity at 30 percent of the market share, with members of Solar Connecticut who hold 1-10% of the market share in the state and a total of greater than fifty percent as a group, and with those who hold less than a 1% share. The conversations were based around the surpassing of the 30 MW legislative target and how sights should be turned to the full market potential – in gigawatts – but that in order to reach this, a substitute for the subsidy model would be needed.

Mr. Garcia and Mr. Dykes explained that the Green Bank is currently thinking through options for the future of the RSIP and has had preliminary discussions with both the Department of Energy and Environmental Protection (“DEEP”) and the Governor’s Office.

Mr. Garcia stated that the Green Bank now has a process in place to sell Renewable Energy Credits (“RECs”) from the RSIP via spot transactions. He explained a proposed action where the Green Bank would spend money today but be paid back over time with the sale of the RECs at a price less than the Alternative Compliance Payment of the RPS and enough to generate revenue to offset the program expenses. Mr. Healey noted that the ZRECs are a premium part of the Connecticut Class I market. Mr. Hundt expressed his

support for this proposal and Mr. Garcia acknowledged that the Green Bank has a lot of work ahead of it.

Mr. Garcia and Mr. Hedman provided the Deployment Committee with an overview of the Green Bank's proposal for Step 5 of the RSIP. Mr. Hedman explained that the Step 5 proposed incentive level is equivalent to a present value of a 15-year ZREC of \$50 or \$5 lower than the Class I Renewable Portfolio Standard (the "RPS") Alternative Compliance Payment. Mr. Garcia added that the recommendation for Step 5 is a "Race to the Rooftop" of 10 MW with open competition for the Homeowner Performance Based Incentive (the "HOPBI") and the Performance Based Incentive (the "PBI").

Mr. Garcia and Mr. Farnen discussed the proposed resolution before the Deployment Committee. Mr. Garcia explained that all the "whereas" clauses are seen in the REC guidelines that were established in December 2013 and that the resolution communicates the importance of REC revenue and the alignment of the RPS market with the RSIP.

Ms. Ferguson asked if there is a timeline for the last "resolved" section of the resolution, to which Farnen replied that there is not, but that the Green Bank intends to be prepared to address this by the next Legislative session. Mr. Ranelli recommended that the Green Bank have a clear request and position prior to approaching the Legislature.

Upon a motion made Mr. Hundt, seconded by Ms. Ferguson, the Deployment Committee members voted unanimously in favor of adopting the following resolution relating to the Residential Solar Investment Program as written:

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 ("Program") that results in a minimum of thirty (30) megawatts of new residential PV installation in Connecticut before December 31, 2022;

WHEREAS, as of August 1, 2014, the Program has thus far resulted in approximately thirty-two megawatts of new residential PV installation application approvals in Connecticut, and when complete and commissioned will achieve the minimum target of thirty megawatts established by Section 106 of Public Act 11-80;

WHEREAS, pursuant to Conn. Gen Stat. 16-245a, a renewable portfolio standard was established that requires that Connecticut Electric Suppliers and Electric Distribution Company Wholesale Suppliers obtain a minimum percentage of their retail load by using renewable energy.

WHEREAS, the Green Bank has been assigned by New England Power Pool Generation Information System an Identification Number NON36589 for the residential solar PV projects it supports through the Program, and subsequently the Public Utility Regulatory Authority assigned a Registration No. CT 00534-13 to the behind-the-meter facilities supported by the Program;

WHEREAS, real-time revenue quality meters are included as part of solar PV systems being installed through the Program that determine the amount of clean energy production from such systems as well as the associated renewable energy credits (“RECs”) which, in accordance with Program guidelines, become the property of the Green Bank to hold, manage and sell in the Green Bank’s sole discretion;

WHEREAS, the Green Bank Board of Directors (the “Board”) approved Guidelines and Procedures for the Green Bank Management of Class I REC Asset Portfolio on December 11, 2013; and

WHEREAS, pursuant to Section 106 of the Act, the Green Bank has prepared a Program plan with a declining incentive block schedule (“Schedule”) that offer direct financial incentives, in the form of homeowner performance-based incentives (“HOPBI”) or performance-based incentives (“PBI”), for the purchase or lease of qualifying residential solar photovoltaic systems, respectively.

NOW, therefore be it:

RESOLVED, that the Green Bank Deployment Committee (Deployment Committee) hereby recommends to the Board the approval of the Schedule of Incentives as set forth in the Due Diligence Package dated August 20, 2014 to achieve 10.0 MW of solar PV deployment;

RESOLVED, that the Deployment Committee hereby recommends that the Board direct staff that at the point where 6.0 MWs of committed capacity is reached during Step 5 of the Schedule, or earlier if staff deems it appropriate, to release a report that makes a recommendation to the Deployment Committee on the Step 6 and beyond for capacity allocation and incentive levels;

RESOLVED, that the Deployment Committee hereby recommends that the Board adopt a resolution stating that by (a) the point of the Step 5 incentive where 8.0 MW of committed capacity is reached for either the PBI or the HOPBI models or (b) June 30, 2015 whichever comes first, the Board will approve a Step 6 capacity allocation and incentive level to ensure the sustained and orderly deployment of the residential solar market in Connecticut; and

RESOLVED, that the Deployment Committee hereby directs Green Bank staff to develop a proposal to address the sustainability of the Program in light of the growing market demand while increasing deployment of clean energy sources in Connecticut and

minimizing the cost to the ratepayers by giving consideration to the aggregation and sale of RECs acquired through the Program.

5. Residential Sector Program Updates

a. CT Solar Loan

Mr. Hunter explained that some changes will be presented to the Board of Directors without a formal resolution from the Deployment Committee because of the timing of some elements of the request. He stated that the CT Solar Loan has approved approximately \$5 million in loans since July 2013, with over \$3 million in closed loans and \$1.3 million fully or partially funded.

Mr. Hunter informed the Deployment Committee that Sungage Financial recently closed with a federally chartered credit union and will no longer require Green Bank support. He added that since the Green Bank reached its \$5 million maximum as approved by the Board of Directors for the CT Solar Loan, a request would be made to the Board of Directors for an additional \$5 million and some additional programmatic option changes.

b. CT Solar Lease

Mr. Hunter explained that some changes will be presented to the Board of Directors without a formal resolution from the Deployment Committee because of the timing of some elements of the request. He explained that the request relates to the need for the special purpose entity, CT Solar Lease 2 LLC, to enter into contracts (called interest rate swaps) in order to fulfil its obligations under the credit agreement with the syndicate of banks to hedge at least 75% of its borrowings under that facility.

Mr. Ranelli recommended to the Green Bank that it review what more can be done for distressed communities. He acknowledged the accomplishments of the Green Bank in raising the amount of solar deployed in these communities from 10% to 15%, but stated that this is a subject area that needs to be reviewed in more detail looking at census tract data. Mr. Hundt agreed with Mr. Ranelli and asked the Green Bank to think through this topic and present some ideas to the Deployment Committee at its next meeting. Mr. Hunter concurred and explained that sector offsite meetings would be held during the coming weeks and that this subject would be addressed.

6. Adjournment: Upon a motion made by Mr. Ranelli, seconded by Mr. Hundt, the Deployment Committee members voted unanimously in favor of adjourning the August 20, 2014 meeting at 5:11 p.m.

Respectfully submitted,

Reed Hundt, Chairperson of
Deployment Committee