



AGENDA

Joint Committee of the CT Energy Efficiency Board and the Connecticut Green Bank Board of Directors

**CT Department of Energy and Environmental Protection
79 Elm Street, Hartford, CT
Russell Room, 3rd Floor**

**Wednesday, April 18, 2018
1:30-3:30 p.m.**

1. Call to Order
2. Public Comments
3. Review and Approval of Minutes for July 19, 2017; October 18, 2017; and January 17, 2018 meetings (5 min)
4. Sector Working Group Reports (45 min)
 - a. Brief Report: C&I - Government (15 min)
 - b. Brief Report: C&I – Small and Medium/Large Business (15 min)
 - c. Brief Report: Residential – Single Family and Multi-Family (15 min)
5. Common Economic and Other Metrics (30 min)
6. Issues for Resolution (10 min)
 - a. Commonality of Contractor Portals
 - b. Websites – Coordination and Consistency of Communication
7. Other Business (5 min)
8. Adjourn

Join the meeting online at <https://global.gotomeeting.com/join/530150565>

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Joint Committee

Connecticut Energy Efficiency Board and the
Connecticut Green Bank Board of Directors

April 18, 2018



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Agenda Item #1

Call to Order



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Agenda Item #2

Public Comments



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Agenda Item #3

Approval of Meeting Minutes for
July 19, 2017, October 18, 2017, and
January 17, 2018



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Agenda Item #4a
Brief Report Outs
C&I – Government



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Agenda Item #4b
Brief Report Outs
C&I – Small and Medium/Large Business



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Agenda Item #4c
Brief Report Outs
Residential – Single Family and Multi-Family



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Agenda Item #5

Common Economic and Other Metrics



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Agenda Item #6

Issues for Resolution

Issues for Resolution

- Commonality of Contractor Portals
- Websites – Coordination and Consistency of Communication



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Agenda Item #7

Other Business



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Agenda Item #8

Adjourn



**Joint Committee of the CT Energy Efficiency Board and the
Connecticut Green Bank Board of Directors
CT Department of Energy and Environmental Protection
79 Elm Street, Hartford, CT
Russell Room, 3d Floor
Wednesday, July 19, 2017
1:30-3:30 p.m.**

MINUTES¹ (Draft)

In Attendance

Voting Members: Eric Brown, Amanda Fargo-Johnson (by phone), Diane Duva, and John Harrity

Non-Voting Members: Bryan Garcia, Ron Araujo, and Pat McDonnell

Others: Tracy Babbidge, Andy Brydges, Chris Plecs, Mackey Dykes, Anthony Clark, Donna Wells, George Lawrence (by phone), Chris Kramer (by phone), Brian Farnen (by phone), Kerry O'Neill (by phone), Chris McGallis (by phone), Mary Sotos (by phone), and Marissa Westbrook (by phone)

1. Call to Order

Eric Brown called the meeting to order at 1:42 p.m.

2. Public Comments

There were no public comments.

3. Review and approval of Meeting Minutes for January 18, 2017 and April 19, 2017 meeting

Upon a motion made by, John Harrity, and seconded by Diane Duva, the Meeting Minutes for January 18, 2017 and, April 18, 2017 passed unanimously.

4. Sector Working Group Reports

a. Deep Dive: C&I – Government

Diane Duva presented [with slides] an overview on the Government sector. She stated that for small projects they are relying on SBEA for financing municipal

and small state projects, though rationing is occurring in these sectors due to constrained capital. She stated that financing need to be developed for projects that are too large for the SBEA program.

Diane Duva provided an overview of the government sector. She stated that the key focus was on identifying and implementing financing mechanisms for the state. She stated that there is some activity federally, and that they do participate in efficiency upgrades.

Diane Duva discussed the key changes on the municipal side. She stated that there is activity in terms of efficiency, renewables, and financing. She stated that the Clean Energy Communities web page has been updated, and that there is an Excel chart for towns to download with their energy data. She stated that the utility data will be flowing electronically directly to the US EPA Portfolio Manager data platform. She stated that each locality can see this data and can request that the data flow directly to Portfolio Manager.

She stated that the financing challenges of state buildings needs to be seen from a market assessment point of view.

She presented the data on total energy consumption for all state buildings, about half of which is UConn, the state universities, and the community. She stated that this coming fiscal year the state will be saving over \$1 million, by changing to a competitively procured electricity supplier. She stated that putting a target on how much they will save means that you need to have complete consumption data. She stated that they are putting an energy data platform in place. She stated that they are working on an agency by agency portfolio, how much is spent per commodity. She stated that they will be able to look on a building by building basis as well. She stated that this will enable this sub sector to plan for reducing energy. John Harrity questioned if it would be individual building or site. Diane Duva explained that it would be for both, but that they must have individual meters to identify the energy use for individual buildings.

With the small projects in place there is a savings of over \$1 million. She stated that the larger projects will be paid for by future savings. Andy Brydges stated that the Master Agreement doesn't limit the size of the building, just the size of the energy usage. He stated that they can do small projects at big facilities that are under the energy usage cap.

Diane Duva stated that there is \$3 million in savings being realized annually on mid-sized projects. She stated that half of the projects are completed.

She stated that CT Valley Hospital is an example of a large-scale comprehensive project that will save a lot of money. There will be \$31 million in energy and maintenance savings over 15 – 20 years.

She stated that the next step will be the financing. She stated that they need capital into the small business program for smaller projects and that medium size projects need to find a financing mechanism. She stated that the Green Bank is working on financing for large scale. They are developing a Green

Capital Lease. Mackey Dykes stated that it could have applicability for other projects. He stated that they have some ideas around utilizing the state's Clean Water funds. Diane Duva noted those funds are fully expended and there is a queue of projects planned for that funding.

for executive branch state facilities, though need funding or competitively procured contracts in place to proceed. She stated that the plan is to get appropriate financing in place. She stated that they will start to conduct a feasibility analysis. Mackey Dykes stated that they have already closed on a couple of projects with the Connecticut State Colleges and Universities (CSCU). He stated that they already have the funding for PPAs and the contractor network. Amanda Fargo-Johnson questioned if it is PPA or Virtual Net Metering. Diane Duva stated that they have a few facilities that might use Virtual Net Metering and PPAs can be used if contracts are approved and a procurement is in place. Mackey Dykes stated that they haven't gotten to the list to figure out all of the criteria for site selection as of yet.

George Lawrence questioned if there is going to be a dashboard online for state buildings energy data. Diane Duva stated that there will be an online platform available, and that they will be able to do this on a building and agency basis. George questioned if that will be available to the public. Diane stated that it will be available to agency facility managers to manage the data, and there will also be a public view to view the data.

b. Brief Report: C&I – Small and Medium/Large Business

Donna Wells provided the Small Business review. She stated that they have been focused on bringing private capital into the SBEA program. She stated that they continue to look at how to better collaborate, and look at joint projects using CPACE. She stated that they are attempting to identify low cost capital.

Donna Wells provided an overview on Large Business. She stated that they are working together well, in terms of targeting certain segments. She stated that they are very involved in nursing homes. She stated that they had an event recently for nursing homes. She stated that it was well received, and that they will continue to work on that, bringing customers, the Green Bank, and the utilities together.

Mackey Dykes stated that they have done a ton of work together. He stated that they are looking to communicate and track everything together. He stated that they are also working on a partnership of reaching out through towns to businesses, and making sure that the right people are talking.

Pat McDonnell stated that he would like to have a prompt for the Wise Use call center operators. Donna Wells stated that there are people there committed to answering those phones. She stated that they can provide them with scripts.

Donna Wells discussed doing marketing to towns. She stated that they already have a process set up to track marketing leads.

Anthony Clark discussed the meeting after the solar event that was held for nursing homes. He stated that they spoke about doing a lunch with the staffers, regarding Wise Use. He stated that they developed an FAQ for the event. He stated that it provided a lot of information on how to go solar in CT. He stated that the information is not on Energize CT, and that they filled a gap where information was not available. Kerry O'Neill stated that most of the solar information is geared towards the residential market on Energize CT.

Diane Duva stated that they need to look at the website to make sure that the CT Green Bank website information is linked to the EnergizeCT website. She stated that this should be a follow up for the next meeting to make sure that the site is updated.

Eric Brown questioned if those are conversations that are done through the Marketing Committee. Ron Araujo stated that they do a lot of working together on redoing the multi-family page, to have consistent terminology. He stated that they will be using that for all materials going forward. Diane Duva provided an example of the combined information for multi-family efficiency. She stated that it's a step-by-step guide for assistance. She stated that for the financing product, and Catalyst financing document, as well as, the Housing Authority financings, that you are not able to get to these from the Green Bank webpage. She stated that they need to double check on that being updated. Kerry O'Neill stated that they are in queue to update the website. Diane Duva stated that they need to follow up for the next meeting to make sure that the websites have been updated and that they have connected with the WISE USE Call Center.

Donna Wells stated that they have started the process to get the material in one place. She stated that there has not been a good place to put the materials. Mackey Dykes stated that data sharing with the utilities is in the works. He stated that they will figure out ways to go after those segments. He stated that CPACE has been the solution for everything that is larger than the SBEA. He stated that they are thinking about alternatives. Donna Wells stated that they need to see if there's a better way to see who best fits the CPACE Model. Eric Brown questioned if that was something that was listed for quarter three. He also questioned if they knew how they were going to achieve that. Mackey Dykes stated that they are going to share things right away. Donna Wells stated that depending on how well it all matches up, it may be an easy task or a difficult one, but that they plan to overlay the data.

c. Brief Report: Residential – Single Family and Multi-Family

Ron Araujo provided an update on residential. He stated that this is the most mature area that they've been working on. He stated that the action items were to integrate CHIF into the Smart E Lending Program. He stated that that has essentially been accomplished. He stated that they are still waiting on some of the reporting. Kerry O'Neill stated that the data is looking great. She stated that they've seen an increase in volume.

Ron Araujo stated that they are tracking various aspects on loan activity vs goals. He stated that they are looking at add-on measures. He stated that this is a very mature topic, and this will be ongoing, but they are completing it. He stated that they will see what adjustments might need to be made in the loan products. He stated that they are making sure the offer for the Smart-E Bundle interest rate is reduced.

Ron Araujo stated that they had an action item to secure bonding proceeds for Smart-E. He stated that bonding ability is gone, so that is not going to happen. Kerry O'Neill stated that they do have \$6 million in ARRA dollars available for interest rate buy downs for the Smart-E Program.

Ron Araujo stated that the utilities and the Green Bank are working jointly on a new zero energy retrofit pilot. He stated it's an idea to switch homes from fossil fuel to heat pump technology. He stated that it's not a mass market program. He stated that it's going to be a particular niche.

Diane Duva questioned what the marketing is on the zero-energy heat pump. Kerry O'Neill stated that the zero energy retrofit is just a pilot and that it has not yet launched. She stated that the heat pump offer is a special offer that they went out with this past May, as a standalone offer. She stated that there is nothing different, just that the rate dropped when they dropped the bundle offer and the natural gas offer. She stated that their campaigns are generally more cooling oriented right now.

Ron Araujo discussed multifamily stating that it's not as mature as single family. He stated that they developed a matrix on what they want to track to look at various metrics. He stated that that still needs to be reviewed, with most of the emphasis on alignment of terminology. He stated that they are now focusing on what they should be monitoring in the area. He stated that they did go through and create a matrix on financing options available. He stated that they need to fund and complete a market analysis of the multifamily sector. He stated that they hope to reconvene at the end of the summer to issue something out later this year. Marissa stated that the last few items are connected. She stated that they need to understand the metrics that they want to track, including their actual performance to understand the energy savings. She stated that this will help understand where there might be some gaps.

Kerry O'Neill stated that on the Green Bank side they have been very focused on the affordable multifamily market. She stated that they won't have comp data on all of the market. Ron Araujo stated that without a market study they will need to focus on what may be good. He stated that this is why they need to put the matrix together to see if they are hitting the market or not.

Kerry O'Neill stated that DEEP has made available to the Green Bank \$1.5 million of RGGI funds for a Revolving Loan Fund for health and safety measures. She stated that they are using the money in the Catalyst Fund Program. She stated that they are first using the funds in the multifamily segment because they will have to figure out how to deliver that in the single-family marketplace. She stated that they don't do direct lending there currently. She stated that they have identified about ten multifamily properties that are candidates. Eric Brown

questioned if Asbestos was an example of this. Kerry O'Neill stated that yes, it is. Ron Araujo stated that the top three are, Asbestos, Mold, and pests. Eric Brown questioned if this is in place now. Kerry O'Neill stated that yes, it's in place on the affordable multifamily side, and also if the property owner needs predevelopment support. She stated that they can help on the assessment side in conjunction with the utilities and on the financing side for health and safety as well. Pat McDonnell questioned if the RGGI money supplements the Catalyst Fund. Kerry stated yes, they have \$1.5 million from DEEP and that it will revolve, in addition to \$1.5 million from the Green Bank. John Harrity questioned if there are other states working on this and if they have looked at what others are doing. Kerry O'Neill stated that they have been looking at an organization, Green and Healthy Homes Initiative (GHHI), that has been working in many different places. She stated that in the last year they have begun working in NY. In NY, they've partnered with the Department of Health, Housing, and NYSERDA to design pilots, in an effort to get State Medicaid, hospital systems, or insurers to pay for required remediation. The Green Bank and the Department of Public Health has partnered with GHHI to bring the model to CT. Eric Brown suggested that they make an Agenda item for this discussion.

5. SBEA Financing – presentation and discussion

Anthony Clark discussed the SBEA recapitalization. He stated that key goals are lowering the overall unit cost of SBEA financing, moving SBEA loans off the utilities' balance sheets, and reducing capital constraints in the program. He stated that Eversource used CEEF and Eversource money to fund those loans. He stated that for Eversource it is also a priority to move away from serving as a financial institution.

Chris Plecs stated that they are looking to engage with a financial institution to take away from Eversource some of the bank-like functions. He stated that they are not set up to take care of the loans. He stated that they want to hire a financial institution so that they can focus on running the programs. Anthony Clark stated that they are determining which of the goals they can meet in the initial recapitalization of the SBEA program. He stated that they have focused on swapping the capital while keeping other aspects of the program largely unchanged. Chris stated that this has to be a good deal for the customer. We want to make sure whatever is done is best for the customer.

Anthony Clark stated that the key benefits are eliminating the capital constraints, and removing the loans from the utilities' balance sheets. He stated that one of the ways that this facility is different than the utilities granting the loan, is that in the new facility, JP Morgan has asked that the entire interest expense be prefunded when the loan is given to the customer. He stated that this isolates the major interest buy-down cost to the year that the loan is granted. He stated that the cash flow impact of pre-funding the interest expense or paying annually actually levels off to be similar a couple of years out given the way that SBEA works. Diane Duva questioned if they can build it into the Green Bank's budget in the future. Anthony stated that the Green Bank would not absorb that cost without receiving funding for that purpose. Mackey Dykes stated that the Green Bank's balance sheet is built on financing. Diane Duva questioned if JP Morgan would take on that aspect. Mackey Dykes stated no, they will not buy down their own interest rate.

Anthony Clark stated that JP Morgan asked for a 10% loan loss reserve. He stated that the last time the Committee met, the proposal was for the CEEF to fund that loan loss reserve. Now the Green Bank will put in \$3 million of its money in place of the loan loss reserve. This way we mitigate the risk that JP Morgan has asked for. Diane Duva questioned if the \$3 million is rate payer money the Green Bank uses for its operations. Anthony stated that no, it's the Green Bank's mix. Diane questioned the source of the money being used, whether it is from the 1 mil charge, RGGI, or another source. Anthony stated that the details of the updated proposal are to have \$3 million of subordinated capital from the Green Bank in the SBEA facility with the Green Bank putting in its \$3 million first.

Anthony stated the next steps for this proposal are to come up with realistic expectations of savings for different scenarios using the JP Morgan and Green Bank facility, utility capital and CEEF capital. We will then work with the utilities on a final proposal to present to the full Board. Eric Brown questioned what the timeline would be. Anthony stated that they should have the first pass to share with the utilities completed this week.

Eric Brown stated that he doesn't feel that this Committee plays a formal role in this. He stated that the most important thing is for them to make sure that there is communication and collaboration amongst those involved.

Eric Brown questioned if there was a timeframe with respect to JP Morgan's participation. Mackey Dykes stated that they have already gone through several extensions. Bryan Garcia stated that the Green Bank's Budget and Operations Committee allocated funding to this. He stated that that side is ready to go, other than going to the Board for approval.

6. Issues for Resolution

Diane Duva identified a topic that had been identified as needing coordination or issue resolution. She discussed Commercial and Industrial (C and I) and the offerings to municipalities. Donna Wells stated that it is a collaboration in progress. She stated that the biggest concerns were how to treat all of the vendors equitably. Mackey Dykes stated that they are trying two different approaches. He stated that the utilities are going to send out a certain message to C and I customers in West Hartford, and that the Green Bank is going to send out a different message and they will see who gets the best approach. He stated that they will share the results to see if there are in fact different responses. He stated that they are still working on figuring out the details of that. Andy Brydges stated that the Green Bank will most likely target CPACE customers. Tracy Babbidge stated that the existing channel identifies CPACE customers. Andy Brydges stated that they can use that information.

Diane Duva questioned if they are using rate payer monies for the Green Bank portion of this marketing idea. Mackey Dykes stated that yes, it is Green Bank rate payer money, marketing money, from the Green Bank budget, as well as, CEEF program marketing.

Diane Duva questioned what vendors they are using. Donna Wells stated that they are using their own vendors, and that the Green Bank put out an RFP. Diane questioned if the RFP went out to the C and I contractors list. Brian Farnen stated that they don't have a set list of whom they notify of an RFP because the targeted audiences can vary greatly. He stated that the Green Bank teams typically get it out to a large audience and

our Operating Procedures require at least three bids whenever possible if the service agreement is over one hundred and fifty thousand dollars.

Ron Araujo stated that the Residential Committee Meeting is a public meeting and that there is usually a section of input that they go over what RFPs are coming up. He stated that any contractor or vendor can listen in on that meeting. Diane Duva stated that this is a good approach.

Eric Brown questioned since this is a pilot, how are they going to constrain it. Mackey Dykes stated that it's just in one town. Donna Wells stated that due to customer information issues they are going to look at the customers in their database, and maintain control of their customer information. She stated that that's part of the reason that they came up with this dual marketing plan. Eric questioned how long the pilot will be. Mackey stated that they do not have a definitive answer on that as of yet.

7. Planning for Next Meeting (10 min) a. Goals and preparation for October 18 quarterly meeting with EEB and CGB Board Chairs and Vice-Chairs

Eric Brown stated that he feels it is time to reconvene a meeting with the chairs of the EEB and the CGB board to get some guidance on the major goals, and to share what they are working on and what has been achieved. He stated that October 18, 2017 seems to be a date that works for all of the Board Chairs and Vice Chairs. He stated that he feels it shouldn't be a lot of long formal presentations, just a brief report. Bryan Garcia stated that they can provide them with the most current background.

8. Other Business

Bryan Garcia discussed the retirement of Norma Glover, stating that they are working on a replacement for her.

Eric Brown discussed a project with Pratt and Whitney stating that he is looking for someone doing work in Water Sustainability, stating that he would like to be able to highlight someone.

Eric Brown commended the Committee on their level of communication and collaboration.

9. Adjourn

Upon a motion made by John Harrity, and seconded by Diane Duva, the meeting was adjourned at 3:48 p.m.

Respectfully Submitted,

Eric Brown, Chairperson



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Connecticut Green Bank Board of Directors
CT Department of Energy and Environmental Protection
79 Elm Street, Hartford, CT
Holcombe Conference Room
Wednesday, October 18, 2017
1:30-3:30 p.m.**

MINUTES¹ (Draft)

In Attendance

Voting Members: Eric Brown, Amanda Fargo-Johnson, John Harrity, and Diane Duva

Non-Voting Members: Bryan Garcia, Pat McDonnell, and Ron Araujo

Others: Donna Wells, Mackey Dykes, Catherine Smith, Kerry O'Neill, Brian Farnen (by phone), Steve Bruno, Chris Plecs, Kim Stevenson, Anthony Clark, Andy Brydges, Rob Klee, Marissa Westbrook, Taren O'Connor, Bill Dornbos, Mary Sotos, Bert Hunter, Nick Zuba (by phone), Chris Kramer (by phone), Craig Diamond (by phone), and Rick (by phone)

1. Call to Order

Eric Brown called the meeting to order at 1:34 p.m.

2. Review and approval of Meeting Minutes for July 19, 2017 meeting

Eric Brown stated that there were some comments and/or typos with the Meeting Minutes and that they would probably send out an electronic vote.

3. Joint Committee Overview

Eric Brown reiterated the purpose of the Committee and their shared goal. He then thanked the group for their continued hard work.

4. Working Group Briefs

a. Single Family

Kerry O'Neill discussed Single Family. She stated that some of the highlights were the Smart E Bundle and the success from bringing in Capital for Change. She stated that the working group has done a great job in developing metrics and tracking tools. She stated that it helps to focus their efforts. She stated that they launched quarterly Coffee Chats with vendors and contractors, about a year ago. She stated that that program has been well received. She stated that jointly with the utilities, they present to those contractors and vendors training and networking opportunities.

Kerry O'Neill discussed the goals. She stated that they have made very limited progress on accessing the Green Loan Fund given the state budget situation. She stated that it will not happen. She stated that they did reallocate the ARRA dollars to support interest rate buy-downs and that the Green Bank is using its balance sheet for the loan loss reserves. She stated that another challenge is the demand overall for efficiency programs is way down given the weather and fuel prices over the last few years. She stated that they are going to focus and continue to review where financing products and incentive dollars are used. She stated that they are supporting the Pilot for Zero Energy Retrofits in support of Strategic Electrification. She stated that they are making sure that efficiency and solar installations are maximizing under RSIP and noted that over 85% of RSIP projects receive HES and Home Energy Score audits with the remaining BPI-level audits done by Solar City. She stated that they are doing new research with a national non-profit for health and safety. She stated that they are looking for guidance and feedback regarding their areas of focus for residential.

b. Multifamily

Ron Araujo discussed Multifamily. He stated that they have made great strides over the course of a year. He stated that both the utilities and the Green Bank have been working together to streamline projects originating from CHFA and the Department of Housing. He stated that CHFA and DOH funded projects now use a letter of participation as part of the application process to improve coordination. He stated that they've seen an increase of 250% in use of energy efficiency incentives. (For residents at CHFA-financed properties, in 2016, the two utility companies provided over \$2.5 million in incentives to owners and managers of affordable rental properties—a 250% increase over the previous year.) He stated that they've integrated a process path for multifamily properties that do fall into the DOH/CHFA process, to address financing options. He stated that they've done a joint roll out to contractors who participate in the multifamily space. He also discussed the Energize CT webpage and the work that was done on that.

Ron Araujo stated that there have been some limitations. He stated that they don't know a lot about the market and that they may need to put out an RFP for a market study to gain insight on this segment. He stated that they need to increase the focus on implementation and outreach. He stated that the materials have been unified. He stated that the next target is to reach out to customers to make them aware of the tools that are available. He stated that they are looking for an attractive financing product

for market rate multifamily properties. He stated that they need clarity as well, to eliminate the perception of duplicate programs. He stated that they still need to need to develop an approach to engage more customers to implement deeper measures, as well as continue training and engaging the contractor community.

c. Government

Diane Duva provided an update on the Government Sector. She stated that the Small Business Advantage Program is going well for municipalities and state agencies. She stated that it has great uptake, though has capital constraints. She stated that the utilities' pilot using a third-party lender for financing municipal projects with on-bill repayment has gone well and that they are coordinating between the Green Bank and utilities. The work underway to increase the capacity of financing for small projects is essential for increasing the volume of upgrades for the municipal and state sector.

Diane Duva stated that they have had limited progress in getting a match for capital for midsize projects and that there is no financing in place for large projects. She stated that the Green Bank will go forward with a Capital Lease Agreement for certain projects. She stated that the next step is the CT Green Bank getting a Master Lease in place for a major project. She stated that they will continue to explore alternative methods of financing for both large-scale and medium-scale projects. She stated that they will discuss options for developing the type of financing that the Small Business approach provides, with on-bill payment plans to address capital access issues.

d. Medium to Large Business

Steve Bruno discussed the commercial and industrial sector. He stated that it is going well and that customers are accessing Green Bank programs.

Donna Wells stated that they are working together in regards to specific projects and that there are greater interactions with both the utilities and the Green Bank. She stated that they are still looking at coordinating and integrating the C-PACE and the SBEA financing, offering an alternative to the on-bill method as well as interest rate buy down to put towards C-PACE financing. She stated that they are working collaboratively to develop an alternative capital structure for SBEA.

Donna Wells discussed the limitations of balancing the cost of capital and administrative responsibilities. She stated that another limitation is that they could be doing better in understanding each other's programs and processes. She stated that they are structuring more formal knowledge around the processes to help design products. She stated that they need to do more research on what is needed to close the financing gaps and what are the key factors moving forward.

e. Small Business

Steve Bruno stated that they do approximately \$30 million annually in the Small Business Sector in new loans.

5. Observations and Guidance from the Chairs and Vice Chairs

Eric Brown asked for comments. Taren O'Connor thanked the Committee for their work and efforts. Bill Dornbos also thanked the Committee. He stated that timing is great as they are going into a three-year plan, so it's great timing to think about joint goals. He stated that they need to focus on how the Boards officially act. He stated that his Board is supportive of this.

Diane Duva clarified the joint goals for the Commissioners. She wanted to make sure that they are comfortable with the direction that things are moving. Commissioner Smith stated that it would be good to have metrics to see the progress. She requested that for future discussions. Diane Duva stated that the Energy Dashboard does have those metrics for Single Family.

Commissioner Klee thanked the group for coming together and thinking about the integration of the two entities. He stated that they need to not be afraid to be innovative and find other ways to scale up and scale out. He stated that they need to get out of their comfort zones.

Commissioner Smith stated that she was happy to see them making it easier for customers to understand the programs. She stated that it's really important to align things and try to simplify the programs.

Eric Brown stated that there is a great example that relates to innovation. He asked the Green Bank and the Efficiency Board to provide information on how to draw more capital into SBEA, and some of the issues that they saw. Taren O'Connor stated that they are making great progress. She stated that they do have questions and clarifications to work out, but in general, it is going well. She stated that they had a meeting last week and spoke about a lot of those questions. She stated that they had narrowed down specific areas that the EEB felt that they could negotiate a bit more on to improve the proposal. She stated that those areas are the allocation of risk and reimbursement to the Green Bank at 3.5%, as well as the administrative costs. Commissioner Klee stated that there was about \$4.4 million in administrative costs. Chris Kramer stated that there are costs that are different than what was brought to the Board. He stated that they identified those costs and moved those costs out of the buy down. He stated that it's the October 11th version. Eric Brown stated that it's important to hear from the program administrators.

Chris Plecs provided a high-level overview, stated that when they look at the JP Morgan deal the concern is with the Energy Efficiency Fund absorbing all of the losses. He stated that with that fund taking all of the losses, the only way that JP Morgan would feel an impact is if something were to happen with the Energy Efficiency Fund.

Subject to Changes and Deletions

Commissioner Smith stated that she feels that they have the favorable pricing because of the way the risk is allocated in the deal. She stated that their goal is to get the best pricing for the customers. She stated that she was pleased with it and would like to move forward and modify it later. Commissioner Klee stated that there is no change in the current risk of the Green Bank. He stated that they are just bringing in the cheaper capital. He stated that they can talk about how to improve and modify it over time. Diane Duva stated that no change in risk is the precise reason there are questions. She stated that the clarification needed, because if the EE Fund is bearing all the risk, why is the fund paying 3.5% to the Green Bank. Commissioner Klee stated that the 3.5% rate is not even covering the cost. He stated that the State's current cost of capital is 3.27%. He stated that the Green Bank is trying to cover the cost of capital.

Bert Hunter stated that they have used the anticipated rise in the Federal rate to get to the rate. He stated that funding was moved off the table by the lender and they are now exposed by 3.5% fixed capital. He stated that they need to replace that with floating rate funds. He stated that they have \$47 million in obligations to the fund now. He stated that they have \$26 million in cash on their books. He stated that their CFO states that they need to maintain \$10 million in liquidity on their books. He stated that they have reached out to one lender that is willing to come in on this transaction and provide the funding.

Anthony Clark stated that there is a lot of focus on 0% coming in from CEEF funds. He stated that for the Green Bank that is not the model. He stated that the Green Bank is a financing institution. He stated that there is an opportunity cost the CT Green Bank bears in funding it. He stated that rather than requiring the CEEF to use money to set up the Loan Loss Reserve, the Green Bank will use their capital and lend it at a lower rate. He stated that the Green Bank's money is in a loss position. He stated that the Green Bank is offering a fixed and lower interest rate.

Taren O'Connor stated that they are not ready to make a decision on the recapitalization of the SBEA financing. She stated that their Board has a process and that they are not present. Commissioner Smith questioned when a conclusion could be made. Taren O'Connor stated that they have a meeting set up. She stated that they are hoping to hear back from the Green Bank and that they will have something else to consider. Commissioner Smith questioned that the conversation that they had just had was not sufficient. Taren O'Connor stated that she was not there to speak on behalf of the Board. She stated that this needs to be relayed to the full Board. Bill Dornbos stated that the Board had voted to move forward with the concept, but that they are in the negotiation phase. He stated that there are some questions and concerns. He stated that it's a collective decision-making body.

Commissioner Smith questioned what the timing was to hold the deal. Bert Hunter stated that they have a proposal, but no binding term sheet until the parties agree. Taren O'Connor stated that they feel good about it, but that they need to let the process happen on their end where their members feel comfortable to pass it. Brian Farnen stated that the only place they could really go is that they could make a Committee recommendation to

the full Board. Eric Brown stated that the most important thing is to agree on a process and timing. Taren O'Connor stated that it depends on when and if they hear something back from the Green Bank. Eric Brown asked if JP Morgan is waiting to hear something. He questioned if both groups don't show support or unless both Boards approve the deal, is the deal dead? Bert Hunter stated that they won't have a deal until they enter into a term sheet. Eric Brown questioned if the EEB votes not to approve, what is the consequence? Bert stated that there would be no deal.

Commissioner Smith questioned if there was a legal view from the utilities. Commissioner Klee stated that they are not clear on the issues of the utilities and the EEB. Pat McDonnell stated that the JP Morgan deal provides minimal savings to UI. He stated that they have a limited amount of capital to loan out. He stated that they would be able to do an additional program, but there are no dollar savings. He stated that for them, it's a budget implication. He stated that it's a better deal than what they currently have. Bert Hunter stated that the cost of capital is about 5 and change. Commissioner Klee stated that the transition cost will go away. Bert Hunter stated that the overall savings are about \$1.7 million in the 4th year, per year.

Chris Plecs stated that there is a difference between the cost of capital for UI and Eversource. He stated that it's more expensive to Eversource. Eversource sees the monies as taxable. He stated that they benchmark to other capital providers in the market and it looks like they would be paying JP Morgan a lot for using the money. Commissioner Klee questioned if it was a money saver. Chris Plecs stated no. He stated that they see that there may be a better way to achieve the goals. Commissioner Klee stated that there are savings. He stated that he was concerned that they were going to lose out on saving. He stated that this is only step one of a multistep evolution. Bert Hunter stated that it's important to point out and keep in mind the result of the RFP process. He stated that this was the best in the market. He stated that as part of the proposal, which they had made explicit in the RFP, after not only initial funding but a commercial paper facility, which is typically cheaper. He stated that they can't go to commercial paper until they get to a certain amount. He stated that this is part of the vision to bring in cheaper capital.

Commissioner Smith stated that they are all in agreement that there is a value within this for customers. She stated that the Green Bank's position is that they are doing it basically at cost. She stated that the risk issue may not be ideal overall, but to Bert's point, this is where the market is telling us we need to be right now. Bill Dornbos stated that the cost of the risk is a specific area that the Energy Efficiency Board had concerns with. Commissioner Klee stated that a change in risk would require a new RFP. Bill Dornbos stated that the allocation between the CEEF and the Green Bank was the issue. He stated that the focus was on the allocation of risk, administrative costs, and the charging of the interest rate. He stated that there was no talk about another RFP.

Commissioner Klee stated that they have an existing structure where the risk is on CEEF and there is a new structure that will keep it that way, but that appears to be unacceptable.

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Taren O'Connor stated that the concern is with CEEF and the Green Bank, the sharing of the cost and the risk. She stated that they want it to be a bit more equitable. Brian Farnen stated that this was proposed because the CT Green Bank was asked to go and seek out the cheaper cost of capital. He stated that the Green Bank felt that this was a charge of obtaining the cheaper cost of capital not taking on any type of risk for the program.

Jeff Schlegel stated that they need to trust the process. He stated that they've had a very long discussion at the last Board meeting and set up a process to follow up on key things. He stated that the Green Bank will be involved in that.

Eric Brown questioned if the next Commercial and Industrial (C and I) Committee Meeting would be where the Green Bank would come back and where there could be some accommodation between the Green Bank and the Efficiency Board. Commissioner Klee questioned why that was not happening now. Jeff stated that it wasn't scheduled to be. He stated that there are additional people involved that wanted to discuss this directly.

Diane Duva stated that this is an example where the Joint Committee helps to facilitate, topics and issues that the Chairs of the Green Bank and the Chairs of the Efficiency Board might have questions. Eric Brown stated that they are trying to get a better handle on what the process is. He questioned what the process would be after the meeting. Jeff Schlegel stated that the conclusion would be either the same proposal or revisions of that proposal. He stated that they were expecting that the Board would not need to make another vote until legal documents were done. He stated that the Board has already voted in favor, they just have some concerns. He stated that they will continue to explore this and will address those issues in a Board decision. Eric Brown stated that they need a final proposal presented to the EEB for a final vote. He questioned if that could happen at the next EEB meeting, November 8th. He questioned if that was the goal. Taren O'Connor stated that would be great. Jeff Schlegel stated that the final ultimate vote on the legal documents would be however long it takes, but the final vote on the proposal could happen. Commissioner Smith stated that any change would have to go back to the Green Bank Board as well. She urged the EEB to look favorably on this. She stated that the Green Bank, in her opinion, is trying to lower the cost of capital. She urged the Committee to put aside some of the risk issues and know that they are very open to addressing them in the future. She urged them to come to some kind of a resolution without undermining the whole program.

Eric Brown stated that they need to agree to a process and hopefully a timeline for a final vote in November. He stated that he feels it's very important to get to finalization on this. John Harrity stated that he's aware of the question of risk, but how real would the idea be that those risk components would come into play. He also noted, based on his career in labor negotiations, to not let perfect be the enemy of the good.

Jeff Schlegel stated that he appreciated all of the work that has gone into this. He stated that this has been a challenging area, but an area where they can all work together in good faith.

6. Public Comments

There were no public comments.

7. Discussion by the Joint Committee of the Chairs' and Vice Chairs' Feedback

Diane Duva requested that they discuss the questions that needed to be focused on from each sector.

Taren O'Connor discussed Single Family Residential. She stated that things are on a good path forward. Kerry O'Neill stated that they need to focus on where they using the dollars that they have left. She stated that those are some of the choices that they need to make.

Commissioner Klee said his priorities were solar plus storage and renewable heating and cooling and questioned the Storage Plus side. Ron Araujo stated that they are working on a pilot with the Green Bank for those customers that don't have access to natural gas to have them go deep with weatherization that way it's well insulated and they can do a heat pump.

Diane Duva questioned what can everyone do to support the CT Green Bank in pursuing sustainable financing in the Government Sector beyond state bonding. Commissioner Smith stated that Bryan Garcia and his team have been working on a different approach on ways for the state level. She stated that you can't just think of the bonding. She stated that that makes it much more challenging to find alternatives.

Chris Plecs questioned that if 50% of the JP Morgan funds were allocated would that affect the bonding? Commissioner Smith stated that it would not as it's not bonding. Chris Plecs asked what if it were to go through the JP Morgan Facility? Commissioner Smith stated that it would depend on who was on the hook to pay it back. Commissioner Klee stated that where they are currently, it doesn't count against the bond cap. He stated that this is on the larger financing projects. He stated that the Green Bank is looking for alternative ways to do those larger projects. Bryan Garcia stated that they're thinking about contract standardization and procurement through PPAs.

Bert Hunter stated that they are trying to deliver solar starting with the Connecticut State Colleges and Universities (CSCU), which is about \$8 million. He stated that the first step is to get a PPA. He stated that that's a key because the equipment is off the State's balance sheet. He stated that it would sit on the Green Bank's balance sheet. He stated that they would be assuming a performance risk. He stated that they're going to try to pivot off that model into an Energy Savings Agreement. He stated that they would enter into an ESA with an agency. He stated that if energy savings are delivered the agency would pay. He stated if the energy savings are not delivered the agency would not pay.. He stated that that is not a bond issuance by the state, it is by the Green Bank. He stated that that's one of the avenues that they are pursuing. He stated that they are coming out of a five-year pilot called Campus Efficiency Now with the University of Hartford and

University of New Haven, and that they are learning that there are savings there. Diane Duva stated that they must continue to work together on financing alternatives.

Taren O'Connor questioned if the language on multifamily financing on the Green Bank's website had been changed. Kim Stevenson stated that no, they have not done this integration as of yet. Before the Green Bank agrees to make modifications to its multifamily web page, CGB needs to see projects coming in from the utility companies/pipeline. The Green Bank does not wish to dilute its brand or messaging, for a process that is currently working to originate and finance EE and RE projects. Kim Stevenson stated that the Green Bank has not received any multifamily referrals for financing from the utility companies (though the joint Multifamily Initiative). The Green Bank is sourcing the multifamily deals it finances through direct outreach to and work with property owners. She stated that they fully recognize the need and the desire to do it, but the Green Bank's goal and mission are to leverage and finance deeper measures. She stated that they are not getting that through the utilities. Ron Araujo stated that it is recognized and that they are planning on getting there on integrated projects, and that there has been significant non-financed efficiency upgrades in the multifamily sector. He stated that they are making sure that the program is aligned. He stated that they have had their contractor meeting. He stated that they did not have their customer or multifamily meeting as of yet.

Kim Stevenson stated that multifamily housing is a hard market. She stated that when they are doing deeper measures they are seeing transformational impacts on buildings. She stated that they are able to take care of health and safety issues, replace roofs, and move to new insurance levels. She stated that this is a source of found money to help improve the housing stock.

Commissioner Klee stated that those are the things he's excited about. He stated that the Green Bank has been able to do really innovative things. He stated that he wants to see more of that good work happening and that needs to be the focus.

Ron Araujo stated that they are seeing a lot of projects come through, but what is missing is the solar component. He stated that folks don't view their buildings as part of their business. He stated that even if there is good financing they need to work jointly.

Eric Brown stated that it sounds like the collaboration is ongoing and that they are all conceptually on the same page. Kim Stevenson stated that they will keep moving forward and pushing the envelope.

8. Regular Meeting Schedule for the Joint Committee for 2018

Eric Brown stated that the next Joint Committee Meeting will be in January. Bryan Garcia stated that in the past they have rotated locations. Diane Duva stated that they can visit rotation. She stated that the dates will remain, and the meeting in January will be held in Berlin at Eversource Energy. She stated that they will get a consensus from the committee on rotation and set the meeting locations accordingly.

Subject to Changes and Deletions

Eric Brown thanked the group for their hard work.

9. Other business

There was no other business discussed.

10. Adjourn

Eric Brown adjourned the meeting at 3:19 p.m.

Respectfully Submitted,

Eric Brown, Chairperson

DRAFT



**Joint Committee of the CT Energy Efficiency Board and the
Connecticut Green Bank Board of Directors**

**Eversource Energy
107 Selden Street, Berlin, CT
Room 0-22E, East Building**

**Wednesday, January 17, 2018
1:30-3:30 p.m.**

MINUTES (Draft)

In Attendance

Voting Members: Eric Brown (Chair), Diane Duva (Vice-Chair), John Harrity

Non-Voting Members: Bryan Garcia, Bert Hunter, Ron Araujo, Chris Plecs, Pat McDonnell

Others: Kerry O'Neill, Will Riddle, Kim Stevenson, Anthony Clark, Mackey Dykes, Steve Bruno, Gentiana Darragjati, Mary Sotos, George Lawrence, Jeff Schlegel, Craig Diamond

1. Call to Order
2. Public Comments. None.
3. Review and approval of Meeting Minutes for July 2017/October 2017 meetings. The Committee agreed to postpone the vote to approve the July 2017 and October 2017 meeting minutes until the April 2018 meeting.
4. EEB Consultant Team Changes. Mr. Schlegel said that Chris Kramer had left the EEB consulting team and the firm he worked for (Energy Futures Group) so that he could take on additional family responsibilities. Mr. Schlegel said that he would be the lead EEB consultant for financing issues and would be the EEB consultant lead for the Joint Committee. He said that the technical consultants would be involved with financing/Green Bank issues through the EEB Committees (Residential and C&I).
5. Review of feedback from Green Bank and EEB Chairs from last Joint Committee meeting. Mr. Brown said that a key take-away from the Chairs' feedback was their interest in exploring additional metrics for the Joint Committee. He noted that Rob Klee and Catherine Smith would like specific metrics to be developed for the Green Bank. Ms. Duva said that both Chairs/Vice-Chairs, at the last Joint Committee meeting, said they were pleased with the integration of programs between the Green Bank and the EEB. The Committee agreed that additional metrics should be developed. Ms. Duva suggested that the working groups

propose additions or changes to the metrics at the April 2018 meeting; she said that changes to the metrics should reflect the recent legislative budget reductions. Mr. Garcia said he agreed with Ms. Duva's suggested approach.

6. Effect of budget reductions on planned activities and joint goals. Mr. Garcia provided an overview of the Green Bank's budget situation. He noted that the state of Connecticut had both short-term and long-term budget challenges. He said the Green Bank needed to plan for long-term uncertainty, particularly regarding the use of rate-payer funding. He said that the \$14 million per year sweep of the Clean Energy Fund forced the Green Bank to take a harder look at its strategic outlook. He said that because of that process, the Green Bank had decided to focus on two businesses: 1) an incentive-centered business (with the challenge that there are cash flow issues with that side of the Green Bank's business because the Green Bank gets paid back over time by credits; and 2) an investment business, which would be the Green Bank's core business. The focus of the investment business would need to have return targets. He said that lower return products would be moved to a non-profit organization. Mr. Garcia said that the Green Bank had cut 27% of its operating expenses compared to 2017 (including a 30% staff reduction), and that marketing expenses would be cut 80%. He said that the Green Bank would be canceling several projects that had been previously approved (such as CHP, digester, shared clean energy facilities, and microgrids). He said that the Green Bank was still committed to the SBEA program. Mr. Harrity said that the Green Bank staff had done an excellent job in responding to the budget cuts. He said the legislature did not appreciate that the cuts would be highly detrimental to the state's greenhouse gas reduction efforts. He said he was very pleased that the Green Bank would survive the cuts. Mr. Brown said he recognized that the Green Bank was working very hard to strategically position the Bank for the future so that it would no longer be dependent on the legislature. He said that was an important consideration for the EEB as well. Ms. Duva asked about role of Green Bank's Comprehensive Plan. Mr. Garcia said that the next planning process would be very proactive, but that right now the Green Bank was in crisis management mode. Ms. O'Neill provided an overview of the Green Bank's current plans for its envisioned non-profit organization. She said that the Smart-E, multi-family, and low-income programs (such as Posi-Gen) would be moved to the non-profit. She said an important consideration was the lower overhead and lower operating expenses of a non-profit. She said the non-profit would attract different types of investors that are more amenable to funding non-profits. She said the non-profit would likely be launched some time over the next several months. She clarified there would be little change in terms of how customers/stakeholders understand and interact with the programs. Ms. Duva provided an overview of changes to the C&LM Fund. She said there has been a \$68.5 million per year reduction to the C&LM Fund (33% cut to the C&LM electric budget) for two years. She said the funds for the first year's reduction would be transferred at the end of June 2018. She acknowledged the hard work done by the Companies, EEB and EEB Consultants to revise the budget and programs. She noted that there were very large reductions in education and training, and that there would be significant reductions in the number of homes that would be weatherized. She said that HES services would not be available for oil/propane customers for the next two years due to the cut to the RGGI funds. She said the Board and DEEP were exploring ways to mitigate the situation with oil/propane customers, including incentive level changes. She said that DEEP was concerned about a potential failure to deliver commitments to the Forward Capacity Market. Mr. Bruno provided an overview of specific cuts to the C&LM budget. He noted that there were large cuts to education/training and the Clean Energy Communities program. He noted that only the electric budget, and not the gas budget, had been reduced. He also said that there would be further cuts required to make up for the negative fund balance created, since the legislative cuts required by the October legislation began on July 1, 2017). Mr. Brown asked if there was value in having the EEB

and Green Bank Boards exchange ideas for how the Joint Committee could be of assistance with the budget situation. Mr. Garcia said that the purpose of the Joint Committee would likely not change, despite the budget reductions. Mr. Brown asked Ms. Sotos about the status of the Comprehensive Energy Strategy (CES). Ms. Sotos said that the CES would be changed in response to the shorter-term and longer-term fiscal and structural challenges. She said the CES would also reflect public comments DEEP had received on the renewables section of the CES. She said DEEP's goal was to publish the final CES prior to the next legislative session.

7. SBEA next steps. Ms. Duva provided an update/review of the status of efforts with SBEA financing. It was noted that the EEB had established an April 2018 goal for the SBEA financing program to be ready for implementation. Mr. Schlegel said that at the EEB's December meeting the Board had agreed to continue supporting development of the SBEA financing options. Mr. Clark said that Eversource had provided a list of questions to the Green Bank. He said there was a conference call scheduled with Eversource to discuss their questions. He said they would also be discussing the development of a term sheet for the Companies' review. He said a meeting with JP Morgan and the Companies would also be scheduled soon.
8. Planning for next meeting. See item 5 above regarding recommended steps for the April 2018 meeting. Mr. Brown said that Joint Committee should continue to explore ways to enhance collaboration between the two Boards.

The meeting adjourned at 2:40 pm.

Respectfully Submitted,

Eric Brown, Chairperson