



**BUDGET AND OPERATIONS COMMITTEE OF THE
CONNECTICUT GREEN BANK**

Minutes – Regular Meeting

845 Brook Street
Rocky Hill, CT 06067

Tuesday, May 15, 2018
9:30-11:00 a.m.

A regular meeting of the Budget and Operations Committee of the Connecticut Green Bank (the “Green Bank”) was held on May 15, 2018 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

John Harrity called the meeting to order at 9:34 a.m. Committee members participating: Rob Klee, Eric Brown and John Harrity.

Members Absent:

Others Attending: Jonathan Mitchell

Staff Attending: Bryan Garcia, Eric Shrago, Cheryl Samuels, , Kerry O’Neill (by phone), Brian Farnen (by phone), Mackey Dykes (by phone), , George Bellas, Jane Murphy and Dale Hedman.

2. Public Comments

There were no public comments.

3. FY 2018 – Budget and Targets

Eric Shrago provided an overview of the Budget Revenues and Targets. He stated that they would discuss the expenses at the June 6th meeting. He stated that they are on course to outpace 2017. John Harrity questioned how this compares to what the target was. Eric stated that they are on pace to meet or exceed most targets. Eric Brown questioned if they have stats on the capital deployed. Eric Shrago stated that they do.

Eric Shrago stated that they have had substantial impacts on the budget because of the sweeps. He discussed the Residential Sector for the 2019 Fiscal Year, stating that they

are looking to deliver about 1,000 projects, 4.1 megawatts of clean energy. He stated that for the current Fiscal Year there are about 1900 projects through the end of March, with 6.1 megawatts of clean energy deployed. He stated that the target was 6.2. He stated that the largest decrease will be in Smart-E. He stated that the loan number is greater than what they were doing in 2016 but there will be a significant drop in Fiscal Year 2019 because of the lack of the S-mart-E special interest rate buydown offer. Commissioner Klee questioned if the interest rate is competitive. Kerry O'Neill stated that yes, it's very competitive. She stated that there is a 5-year term at 4.49% and up to 12 years at 6.99%. Commissioner Klee questioned how it compared to a home equity loan. Kerry O'Neill stated that home equity is around 3 ½ to 4% but stated that the application process is quite involved compared to a Smart-E loan. She stated that the unsecured loan application has a much bigger appeal. Eric Brown questioned if this was equally distributed across the board. Kerry O'Neill stated that Smart-E is a homeowner-based product. She stated that they were able to utilize the stellar performance of the portfolio product and translate that into a credit challenged product, which reduced the decline rate. She stated that they have a much better opportunity to serve low-income homeowners with Smart-E than they are doing. She stated that it all comes down to focus and outreach. She stated that due to the lack of marketing budget, it is coming down to the staff figuring out how to make connections. She stated that they've seen an improvement in their distribution in lower income census tracts, but not as good as it can be.

Eric Shrago discussed PosiGen and the target decreasing from 556 to 450. He stated that they are pretty confident that they will be able to achieve that. He stated that this is only due to the staff's outreach efforts since there is no marketing budget. Kerry O'Neill stated that these are the same staff members that are doing the low-income outreach for Smart-E.

John Harrity questioned when they can expect to see a change in the Net Metering/tariffs. Bryan Garcia stated that they will still have Net Metering as part of the RSIP through half of FY 2020 (or through CY 2019). Eric Brown wanted it clarified that they do not expect the transition to happen during this period. Bryan Garcia stated that it's more of the Green Bank trying to maintain a smooth and orderly transition and working with DEEP, PURA, and the industry to set-up the pilot tariff will be a focus.

Eric Shrago discussed the Multifamily Sector. He stated that the targets are representative of what's in the pipeline. He stated that the decrease is based on what they know is coming over the next 15 months. Kerry O'Neill stated that they have a large project closing soon that will bring up the numbers in FY 18'. She stated that the New Haven Housing Authority deal, part 1 will be closing soon. She stated that they have no timeline on parts 2 and 3. She stated that deals can take 18 months to 2 years to develop and that they are not included in FY 19'. John Harrity questioned what the total marketplace was in terms of Multi-Family. Kerry O'Neill stated that about 245,000 multifamily units are in the state. She stated that low income affordable naturally occurring is about half of that. She stated that to date, they have touched about 4,000 units. She stated that there is still quite a bit of market to serve. John Harrity questioned the number. Kerry O'Neill stated that 15 are projects, not units. She stated that they use

40 or 70 units as an average. Bryan Garcia stated that whale projects include non-energy related products. Kerry O'Neill stated that they have one coming, Success Village in Bridgeport. She stated that it will be a \$10 million project when it's ready, FY 20' or 21'.

Eric Shrago discussed Infrastructure. He stated that for RSIP, they are proposing a target of about 6,000 projects with 48 Mega Watts installed next year. He stated that that is in line with where they'll be this year. He stated that they are expecting to see the same volume, possibly a slight increase. Bryan Garcia stated that they anticipate that by the end of the calendar year 2019, they will work through the remaining amounts of Solar. He stated that they are working with DEEP to ensure a smooth transition to the new structure. He stated that they are working on how to connect battery storage into the balance of the plant. He stated that they want to shift Solar generation to being stored and deployed later to alleviate grid peak issues. He stated that changes in tax last year can have an impact. He stated that there are interesting Federal implications that could change how Solar gets financed. Dale Hedman stated that it looks like if a battery is being charged by a Solar System, that it will receive the current 30% tax credit.

Commissioner Klee questioned if this one fuel cell project is the only strategic investment for the Green Bank's balance sheet for 2018/2019. Eric Shrago stated that they are still working on the budget and this represents what they're aware of right now. Bryan Garcia stated that they approved a \$5 million investment, likely to be looking at \$3 million from the Green Bank and the rest from a local vendor.

Eric Shrago stated that they're looking to do more and that they have opportunities that they are working on. He stated that SBEA is another opportunity depending on what comes out of the RFP.

Eric Shrago went on to discuss Commercial and Industrial. He stated that there will be more projects, but they will be smaller. He stated that they are looking at delivering projects for Lead by Example. He stated that this is based on the work that they did this year with the Connecticut State Colleges and Universities. He stated that they worked with CSCU to put Solar on 5 campuses. He stated that that was the result of a lot of work with the Attorney General's Office. He stated that they are looking to replicate that this year with other State Agencies. He stated that they can replicate the PPA structure. He stated that they are trying to gauge the size of the projects in terms of the capital needs. Mackey Dykes stated that they've got a PPA that has been the starting point and that they're working with DEEP discussing the process for identifying sites and procurement. He stated that on procurement DAS states that agencies that have the statutory authority can enter directly into agreements to purchase power from the Green Bank. He stated that the benefit is also Clean Energy. He stated that there's a fairly aggressive time frame to work with a few agencies given the upcoming ZREC auction. He stated that they are working with DOC and DOT and state technical high schools to quickly identify a handful of sites to get them into the next ZREC round. He stated that they anticipate that to be sometime in June. Bryan Garcia stated that they would come back with a target and that the goal is to work with DEEP to help other agencies to lower their energy costs. He

stated that they want to go back to CSCU and that if they can talk to them about an energy savings payment structure they would have a tool to develop on energy efficiency.

Eric Brown requested clarification on the total C&I. Eric Shrago stated that they're overlapped projects. He stated that they're trying to figure out how to track and designate these LBE projects. Mackey Dykes stated that they had no sense of the available space to get this into the Pilot. He stated that they will get some information on it as they go out to other agencies. He stated that they've already started the outreach to see what buildings they want as part of the Pilot. He stated the reason the numbers don't add up is that wanted to avoid double counting. Eric Brown stated that it reflects a modest increase in CPACE projects. Mackey Dykes stated that the trend they are seeing is the project size decreasing over time. He stated that they are reflecting what the market is delivering. John Harrity stated that that might indicate that small business is more comfortable with the program. He stated that they have the least amount of resources for delving into this type of thing. He stated that CPACE and Lead by Example are important. Mackey Dykes stated that they are doing a great job of expanding their customer base. He stated that the project number is increasing this year. He stated that they are at 51 projects, but they are smaller. He stated that they are expecting to deploy less capital. Commissioner Klee stated that this is from a lot of effort from the Green Bank. Bryan Garcia stated that they've spent a lot of time and effort to ensure that the team worked very hard to make sure Solar was available to low to moderate-income households. He stated that at the Clean Energy States Alliance the Green Bank received a testament to the great work that the team has been involved in and that they're starting to see the results of that.

Commissioner Klee questioned if LMI and small business was a good opportunity for the Green Bank. Bryan Garcia stated that they would like to invest in LMI and small business projects. He stated that it's part of their plan.

Eric Shrago stated that the revenues and the budget RGGI funds will be decreased due to the fund sweeps. He stated that SHREC securitization is needed for FY 2019. He stated that income from the REC sales is also important.

Eric Shrago stated that expenses so far are in line with FY 2019. Commissioner Klee questioned the \$12 million of Green Bank capital generating \$60 million plus or minus of investment. Eric Shrago stated that this is in line with what they've done previously in terms of leverage. He stated that it's a little bit lower due to the desire to keep things on their own balance sheet. Bryan Garcia stated that they expect to get a return on those funds over time. He stated that SMART E is different, with no return there because it is a credit enhancement structure.

Eric Shrago provided an overview on the financials. He stated that they are going to have to return \$14 million to the State. He stated that they are expecting to receive \$3 million from RGGI auction proceeds and return \$2.3 million of that to the State. He stated that capitalized interest is built into the CPACE loans. He stated there are also Grants that they have already received and that are certain will be paid. He discussed the non-

SHREC REC sales as well as the SHREC RECS that come from the RSIP. Bryan Garcia stated that non-SHREC RECs and SHRECS are becoming a greater part of the revenue. He stated that for the SHREC RECS the Green Bank sets the price. He stated that the team is developing a tool to help them better estimate production. Commissioner Klee questioned how conservative the Green Bank was being on the range. Dale Hedman stated that they now get estimates from a program, which takes data and imaging and estimates that over a 20-year period on a monthly basis. He stated that they are looking to create an estimate on what they're seeing in their portfolio functioning at any given time. He stated that SHRECS are locked in based on a tranche. He stated that they pretty much know what the portfolio looks like and have at least 3 years of history to look at to make the estimates. He stated that it's a pretty conservative number based on how they've estimated. Bryan Garcia stated that they will work on that to break them out into a separate schedule for non-SHREC and SHREC RECs. Commissioner Klee questioned if this is based on the low end. Dale Hedman stated that it's plus or minus 5%. Bryan Garcia stated that they are able to look at net income for each line of business (i.e., investment and incentive) and make sure they're managing. He stated that it's good practice for them.

John Harrity stated that the team has done a great job, considering the sweeps and with what has been done. He stated that the adjustment while still in motion has been remarkable. He stated that it's remarkable that the team has put the Green Bank in a position to sustain and work on new projects. Bryan Garcia stated that the team has worked very hard, stating that it's really high-level finance on the SHRECs and that they are executing on the sustainability plan.

4. Adjourn

Upon a motion made by Commissioner Klee and, seconded by, Eric Brown, the meeting was adjourned at 10:46 a.m.

Respectfully Submitted,

John Harrity, Chairperson