

845 Brook Street, Rocky Hill, CT 06067
T 860.563.0015
ctgreenbank.com



May 11, 2018

Dear Connecticut Green Bank Budget and Operations Committee:

We hope your spring is going well.

We have a meeting of the Budget and Operations Committee scheduled for Tuesday, May 15, 2018 from 9:30-11:00 a.m. in the Colonel Albert Pope Board Room of the Connecticut Green Bank at 845 Brook Street, Rocky Hill, CT 06067.

On the agenda we have the following items:

- **Meeting Minutes** – review and approval of the meeting minutes for January 12, 2018.
- **FY 2019 Comprehensive Plan and Budget** –we are still working through the organization’s budgets with the team but are working using the cash projections model as our shown to the board earlier this year as our guide. We thought that we would focus our discussions at this meeting on the following items:
 - a. **Targets** – given our past process of setting stretch targets for our various market segment products and programs, we are instead going to propose a set of more realistic targets for FY 2019. We look forward to discussing these targets with you.
 - b. **Revenues** – we will present the FY 2019 revenue budget for discussion.

If you have any questions, comments or concerns, please feel free to contact us at any time.

We look forward to seeing you next week.

Sincerely,

A handwritten signature in blue ink, appearing to read "B. Garcia".

Bryan Garcia
President and CEO

A handwritten signature in blue ink, appearing to read "Eric Shrago".

Eric Shrago
Director of Operations



AGENDA

Budget and Operations Committee of the
Connecticut Green Bank
845 Brook Street
Rocky Hill, CT 06067

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

Staff Invited: George Bellas, Craig Connolly, Mackey Dykes, Brian Farnen, Bryan Garcia, Dale Hedman, Bert Hunter, Kerry O'Neill, and Eric Shrago

1. Call to order
2. Public Comments – 5 minutes
3. Approve Meeting Minutes for January 12, 2018 Regular Meeting* – 5 minutes
4. FY 2018 – Budget and Targets** – 80 minutes
5. Adjourn

*Denotes item requiring Committee action

** Denotes item requiring Committee action and recommendation to the Board for approval

Join the meeting online at <https://global.gotomeeting.com/join/593544781>

You can also dial in using your phone.

United States: +1 (872) 240-3311

Access Code: 593-544-781

Next Regular Meeting: Wednesday, June 6, 2018 from 3:00-4:30 p.m.
Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT



CONNECTICUT
GREEN BANK

Budget and Operations Committee Meeting

May 15, 2018



Budget and Operations

Agenda Item #1

Call to Order

Budget and Operations

Agenda Item #2

Public Comment

Budget and Operations

Agenda Item #3

Approve Meeting Minutes

Budget and Operations

Agenda Item #4

FY 2019 Comprehensive Plan – Budget and
Targets

FY19 Budget Plan



TODAY

1. Program Proposed Targets
2. Revenues
3. Expenses – high level

NEXT MEETING (6/6)

1. Expenses - details
2. Cash Flow
3. Balance Sheet Activity & Projections
4. Address Questions & Changes
5. Future Opportunities
6. Budget and Target Recommendation



Results to Date



	FY 2012-FY 2017 ¹	FY 2017 ¹	FY 2018YTD ¹
Model	Financing	Financing	Financing
Years	6	1	$\frac{3}{4}$
Energy (MW)	228.5	49.8	41.3
Capital Deployed (in Millions)	\$1,042.3	\$199.8	\$169.0

REFERENCES

1. CGB KPI Report as of March 31, 2018

Proposed FY19 Goals Overall¹



Program	FY19 Proposed			FY18 (as of 3/31/18)			FY18 Targets		
	Projects	Investment	Capacity	Projects	Investment	Capacity	Projects	Investment	Capacity
Total Infrastructure	6,000	\$ 168,000,000	48.0	4,273	\$ 121,299,122	34.9	4,431	\$136,300,000	37.0
Total Residential Sector	1,009	\$ 23,298,302	4.1	1,929	\$ 46,458,125	6.1	1,926	\$ 47,567,394	6.2
Total CI&I	73	\$ 33,082,500	10.6	56	\$ 23,851,316	6.7	67	\$ 34,000,000	10.4
Strategic Investments	1	\$ 15,000,000	3.7	-	\$ -	0.0	1	\$ 15,000,000	3.7
Total Green Bank	6,498	\$ 223,917,500	62.3	5,486	\$ 167,992,213	41.7	5,966	\$211,296,752	48.6

REFERENCES

1. CGB KPIs FY 2018 YTD – through Q3 (March 31, 2018)
2. Totals are adjusted to prevent the double counting/overlap of projects across programs (i.e. Smart-E and RSIP)

Proposed FY19 Goals

Residential¹



Program	FY19 Proposed			FY18 (as of 3/31/18)			FY18 Targets		
	Projects	Investment	Capacity	Projects	Investment	Capacity	Projects	Investment	Capacity
Smart-E	540	\$ 8,775,000	1.3	1,501	\$ 27,816,812	3.4	1,352	\$ 24,765,556	2.6
Posigen	450	\$ 11,953,302	2.8	418	\$ 10,975,769	2.6	556	\$ 14,805,838	3.2
Multifamily Term	15	\$ 2,500,000	0.1	4	\$ 2,947,368	0.1	12	\$ 7,550,000	0.0
Multifamily PreDevelopment	4	\$ 70,000	0.0	6	\$ 4,718,176	0.0	6	\$ 446,000	0.0
Total Residential Sector	1,009	\$ 23,298,302	4.1	1,929	\$ 46,458,125	6.1	1,926	\$ 47,567,394	6.2

- Residential Programs to be managed by the Nonprofit.
- The decrease in Smart-E is due to not having Interest Rate Buydowns or special offers in the markets, but reflects increase in contractor activity with the product.
- Posigen targets reflect transition and decrease in outreach support from Green Bank as a result of the sweeps.
- Multifamily representative of the current pipeline and decrease in support from Green Bank as a result of the sweeps.

REFERENCES

1. CGB KPIs FY 2018 YTD – through Q3 (March 31, 2018)

Proposed FY19 Goals

Infrastructure Sector¹



Program	FY19 Proposed			FY18 (as of 3/31/18)			FY18 Targets		
	Projects	Investment	Capacity	Projects	Investment	Capacity	Projects	Investment	Capacity
RSIP	6,000	\$ 168,000,000	48.0	4,273	\$ 121,299,122	34.9	4,431	\$ 136,300,000	37.0
Total Infrastructure	6,000	\$ 168,000,000	48.0	4,273	\$ 121,299,122	34.9	4,431	\$136,300,000	37.0

Program	FY19 Proposed			FY18 (as of 3/31/18)			FY18 Targets		
	Projects	Investment	Capacity	Projects	Investment	Capacity	Projects	Investment	Capacity
Strategic Investments	1	\$ 15,000,000	3.7	-	\$ -	0.0	1	\$ 15,000,000	3.7

- Expectation of continued RSIP Growth in FY19 as installers push for the rest of the incentive ahead of a transition to a tariff structure per passage of SB 9.
- Need for Green Bank to work with DEEP, PURA, installers, and capital providers as the market transitions from net metering.
- Projected Closing of Triangle project with FCE in FY 19

REFERENCES

1. CGB KPIs FY 2018 YTD – through Q3 (March 31, 2018)

Proposed FY19 Goals

Commercial, Industrial, & Institutional¹



Program	FY19 Proposed			FY18 (as of 3/31/18)			FY18 Targets		
	Projects	Investment	Capacity	Projects	Investment	Capacity	Projects	Investment	Capacity
CPACE	57	\$ 24,082,500	6.6	47	\$ 19,171,296	5.0	51	\$ 24,400,000	6.4
Commercial PPA	25	\$ 14,062,500	6.3	16	\$ 7,630,240	2.6	25	\$ 15,000,000	6.3
Lead by Example (Solar Pilot)	3	TBD	TBD						
Total CI&I	73	\$ 33,082,500	10.6	56	\$ 23,851,316	6.7	67	\$ 34,000,000	10.4

- Continued Growth in CPACE to grow sustainable income for the Green Bank.
- Commercial PPA will be managed by the Nonprofit and will continue to deliver projects to Onyx, SL3, and a new Commercial Solar Fund.
- Looking to replicate the work done with Connecticut State Colleges and Universities (CSCU) in putting solar on its buildings and launch a larger Lead by Example (LBE) pilot for solar on state buildings.

REFERENCES

1. CGB KPIs FY 2018 YTD – through Q3 (March 31, 2018)

Proposed FY19 Budget

Key Insights



Income:

- Utility Customer Receipts (CEF) and RGGI Proceeds to be decreased due to General Fund Sweeps
- Interest Income and REC Sales of greater importance
- SHREC Securitization key for FY19

Investment:

- Still being finalized but the Green Bank is looking to invest \$12 million of its own capital in FY19 (the target set forth to the board in the Cash Flow Model)

Expenses:

- In line with FY19 budget forecast prepared in January for Cash Flow Model

Budget and Operations

Agenda Item #5
Adjourn



**BUDGET AND OPERATIONS COMMITTEE OF THE
CONNECTICUT GREEN BANK
Draft Minutes – Regular Meeting**

845 Brook Street
Rocky Hill, CT 06067

Friday, January 12, 2018
10:00-11:00 a.m.

A regular meeting of the Budget and Operations Committee of the **Connecticut Green Bank (the “Green Bank”)** was held on January 12, 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

Rob Klee called the meeting to order at 10:01 a.m. Committee members participating: John Harrity and Rob Klee.

Members Absent:

Staff Attending: Bert Hunter, Mackey Dykes, Eric Shrago, Bryan Garcia, Brian Farnen, Cheryl Samuels, George Bellas and Tyler Magnano.

2. Public Comments – 5 minutes

There were no public comments.

3. Consent Agenda* – 5 minutes

- a. Approval of Meeting Minutes for August 24, 2017

Due to the lack of quorum, no action was taken on the meeting minutes.

Resolution #1

Motion to approve the minutes of the August 24, 2017 Meeting of the Budget and Operations Committee of the Connecticut Green Bank.

4. FY 2018 Targets** – 50 minutes

Proposed Revisions

Eric Shrago proposed target adjustments to be made after budget changes. Proposing targets downward to support between no less than 5,966 projects (from 6,451) requiring investment of no less than \$218 million to deploy at least 49 MW of clean energy. John Harrity had a question

about 6,000 being a lot of projects. Eric said the majority is in RSIP, and is still shooting for an increase. Bryan Garcia said, what's happening is the rest of the contractor market in CT is rebounding from the Solar City drop in 2016 and 2017 – they were 40% of the market – and is growing and becoming more resilient to changes that's why we reached our RSIP target faster than expected.

Eric Shrago provided explanations to the proposal. He stated that infrastructure will see a proposed decrease of 0% of projects, 12% in investment, and 4% in MW. All changes in targets stem from the Anaerobic Digester pilot program. The project previously expected to close this year is no longer on target to do so and the Green Bank's ability to support such projects going forward remains tenuous. He stated that RSIP performance through December is strong.

Eric Shrago said he is proposing to revise the Anaerobic Digester program target, explaining it is a program the Green Bank can no longer support the way we have due to the budget reallocations. Rob Klee asked to look back at RSIP, questioned why the Green Bank are doing slightly less projects but still deploying the same amount of money. Bryan Garcia said staff would look into this. Rob Klee asked if that's an effective tactic to leave market. Rob added the Green Bank's fuel cell project for this fiscal year remains unchanged.

Eric Shrago provided insight on the Residential sector, proposing an increase of 63% in projects, 31% in investment, but a decrease of 3% in MW. He stated the overall increase in projects and investment is driven by strong performance of the Smart-E loan. The decrease in capacity target is due to slower growth for PosiGen and a smaller percentage of solar multifamily term loans. Eric added that the latest Smart-E special offer ended in December and that it was a very good quarter. Rob Klee asked why that was. Eric responded, the .99% special offer brought a lot of people in. Bryan Garcia said the demand shot up when the rate was lowered, and the Green Bank is checking to see how much federal ARRA funding it has left. Bryan added, now contractors are coming to us seeing if they can work with the credit unions to buy down interest rates themselves. It is to be determined if credit unions would be okay with this. Eric Shrago said we saw a 50% increase in one year. Eric added, we have scaled down support of PosiGen due to budget cuts. Activity we've seen in recent months has been 40 projects compared to last year which was over 60. He explained that Multifamily is not seeing as much projects but projects are larger than forecast thus suggesting revising targets based on performance.

Eric Shrago stated that for CI&I there is no change in targets for C-PACE or Commercial Lease. SBEA targets are adjusted to represent a Q3/4 close and only 1 quarter of activity. Mackey Dykes said that C-PACE has a lot of projects that have already closed. He added that these budget cuts will have real impacts next year, with less dollars to spend on customer acquisition and less capital to invest. He clarified that this year we will be okay, solar lease will be okay, and that all money was already allocated. He said that the budget impacts are felt in this year's target since the pipeline is already built, impacts won't be felt until 2019. Rob Klee asked, of the 51 projects how many are the CT Green Bank's? Mackey Dykes responded with 14.

Rob Klee expressed concern the Green Bank are doing half as much projects but acknowledged when you cut half the money, we can only do half the projects. Mackey Dykes responded, that they have also scaled back on market development and contractor trainings. Commissioner Klee said to make sure we are capturing these losses and impacts. He added that these were developing markets and now have no support. John Harrity asked if 2019 capital numbers are lower. Eric Shrago explained, we need to figure out how much capital of 8 million is allocated. John wondered about Energy on the Line and how much money they have put in. Mackey responded, \$800,000. John wondered if the fund could look at putting money

into C-PACE instead? John suggested restructuring funds to potentially use Energy on the Line funds as C-PACE debt capital. Rob Klee agreed if C-PACE has no money, that incentive does nothing. Bryan Garcia suggested that the team put together a summary of progress to date and a request for additional support. Rob said, yes to ensure it keeps moving forward.

John Harrity discussed the voucher program and if that could be applied. Mackey Dykes responded, SBEA made progress recently, EEB plan said it should reflect savings. but we'll need clear acceptance of the terms of the CGB and JP Morgan proposal. Rob Klee asked, if there was an upcoming committee meeting. Bryan Garcia responded, that he had joined the committee meeting schedule for Wednesday January 17th because SBEA is part of the agenda. John said the way he understood it, the committee needs to realize that this was a good deal. Mackey responded, Eversource has said they believe this is still not a good deal.

Bert Hunter responded, they said this is for the benefit of the energy efficiency fund, which is disingenuous of the process, they were part of the process. Which is what Mackey is talking about, so we can bring in consultants. Bert added that we need to move beyond this. Mackey Dykes responded, we have a set of questions from Eversource to help move past the hopefully now resolved structure issues and to a new phase. Bert responded, I think as soon as Eversource stands down the rest of the board will let it go. Rob Klee said he wants to see the Green Bank move forward with SBEA and he'll do whatever is needed to see this push through.

Eric Shrago transitioned the topic to organizational target changes, and asked if there were any questions or concerns. Rob Klee asked if anaerobic digesters would be an area where DEEP might help. He added that long term contracts should help them find capital. At least in the near term there is a RFP. Brian Farnen advised that in absence of a third member of the committee present there was no quorum Bryan Garcia responded, that there was no need to make a resolution today. Commissioner Klee suggested, these should be the thoughts of the meeting and not a resolution. John Harrity wondered about the down turn in PosiGen, and if that is a concern. Bryan responded that Kerry O'Neil would be able to speak to that more clearly at the upcoming board meeting. John asked if Eric was concerned. Eric responded that PosiGen is having slowing growth while they are expanding to other markets. John asked if there is anything happening federally that's going to impact the organization. Bryan Garcia responded, while most clean energy tax credits remained untouched, fuel cells didn't make it into the final tax bill. Bert Hunter added that clean renewable energy bonds were lost. He added that we won't be able to use it moving forward, but we were able to secure the last of the CREBS. Private activity bonds were saved and some of the funds are trying to be allocated for fuel cells.

5. **Resolution #2**

Due to the lack of quorum, the two Committee members present expressed their concurrence with the target adjustments, but no action was taken on the resolution.

RESOLVED, the Budget and Operations Committee recommends the Connecticut Green Bank Board of Directors approve the fiscal year 2018 target adjustments outlined in Attachment A.

6. Adjourn

Upon a motion made by John Harrity, and seconded by Rob Klee, the meeting was adjourned at 10:47 a.m.

Respectfully Submitted,

DRAFT



Memo

To: Budget and Operations Committee

From: Bryan Garcia (President and CEO), George Bellas (Vice President of Finance and Administration), and Eric Shrago (Director of Operations)

Date: May 11, 2018

Re: Proposed FY2019 Targets, and FY2019 Budget Revenues

I. Targets

The Green Bank has proposed the following targets for each sector's programs for the upcoming fiscal year:

Program	FY19 Proposed			FY18 (as of 3/31/18)		
	Projects	Investment	Capacity	Projects	Investment	Capacity
RSIP	6,000	\$ 168,000,000	48.0	4,273	\$ 121,299,122	34.9
Total Infrastructure	6,000	\$ 168,000,000	48.0	4,273	\$ 121,299,122	34.9
Smart-E	540	\$ 8,775,000	1.3	1,501	\$ 27,816,812	3.4
Posigen	586	\$ 15,565,855	3.6	418	\$ 10,975,769	2.6
Multifamily Term	15	\$ 2,500,000	0.1	4	\$ 2,947,368	0.1
Multifamily PreDevelopment	4	\$ 70,000	0.0	6	\$ 4,718,176	0.0
Total Residential Sector	1,145	\$ 26,910,855	5.0	1,929	\$ 46,458,125	6.1
CPACE	57	\$ 24,082,500	6.6	47	\$ 19,171,296	5.0
Commercial PPA	25	\$ 14,062,500	6.3	16	\$ 7,630,240	2.6
Total CI&I	73	\$ 33,082,500	10.6	56	\$ 23,851,316	6.7
Strategic Investments	1	\$ 15,000,000	3.7	-	\$ -	0.0
Total Green Bank	6,498	\$ 223,917,500	62.3	5,486	\$ 167,992,213	41.7

We look forward to discussing the sector targets with you.

II. Draft Green Bank FY 2019 Operating and Program Budget

Enclosed is the first draft of the Green Bank's FY 2019 revenue budget for review and discussion at the May 15th meeting. This is the staff's initial draft and we will be looking to the Committee to provide us with further guidance so that we can make any needed adjustments and present a final version of the budget for your review in early June, and then requesting that you recommend for approval by the full Board at its June meeting.

For the upcoming May 15th B&O Committee meeting, we will be focusing only on the revenue side of the FY 2019 budget. We expect to have the expense and investment budgets prepared for the June meeting as well as the Employee Staffing Plan for discussion.

On the Revenue Schedules, please note the following definitions:

- Utility Customer Assessments – This is money that comes from the 1 mil that ratepayers pay into the Connecticut Clean Energy Fund. \$14 million of these funds for FY19 have been diverted by the General Assembly to the General Fund.
- RGGI Auction Proceeds – The Green Bank receives 23% of the proceeds from the Regional Green House Gas Initiative Auctions for tradeable discharge permits each quarter. The clearing price for these auctions have been declining in recent years. The General Assembly diverted \$10 million in funds from RGGI last year.
- Interest Income – This comes from the repayment to the Green Bank from borrowers for our projects such as CPACE, Loans, etc.
- Grant Income – The Green Bank has received and expects to receive multiple grants including ones from the Federal Government.
- REC Sales – The Green Bank owns approximately 40,000 Renewable Energy Certificates from pre-SHREC projects (RSIP, Solar Lease I, Legacy Commercial, etc.) and is subject to the market price for the certificates. Present market price is around \$12.
- REC Sales (SHREC) – The SHRECs are Solar Home Renewable Energy Certificates owned by the Green Bank and designed to recoup the cost of the RSIP incentive and the administration of the RSIP program. The Green Bank sets the price for these with the utilities who have agreed to purchase them under our Master Purchase Agreement.