CONNECTICUT
GREEN BANK

Budget and Operations Committee

Meeting Date

January 13, 2021

Budget, Operations & Compensation Committee

Lonnie Reed
Chair
Connecticut Green Bank

John Harrity
Chair
CT Roundtable on Climate and Jobs

Michael Li
Connecticut Department of Energy and Environmental Protection (DEEP)

Eric Brown
Vice President
CT Business and Industry Association

845 Brook Street, Rocky Hill, CT 06067
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CONNECTICUT GREEN BANK

Budget, Operations & Compensation Committee Members:

We have our mid-year targets and budget check-in scheduled to be held virtually on Wednesday, January 13, from 2 pm to 3:30 pm.

We will be presenting you with revised targets and budget for FY2020 based on market activity through the first half of the year. These adjustments are summarized in the accompanying Memorandum and its attachment. Additionally, we will discuss proposed updates to our latest Comprehensive Plan that relate to how the organization considers equity and engages with all communities in the state.

Thank you and please contact me with any questions.

Regards,

Eric N. Shrago
Managing Director of Operations

AGENDA

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

Wednesday January 13, 2021
2:00-3:30 PM

Staff Invited: Sergio Carillo, Mackey Dykes, Brian Farnen, Bryan Garcia, Bert Hunter, Jane Murphy, and Eric Shrago

1. Call to order
2. Public Comments – 5 minutes
3. Approve Meeting Minutes for June 10, 2020 and June 16, 2020 Special Meeting* – 5 minutes
4. FY 2021 Targets and Budget** – 40 minutes
5. Comprehensive Plan – Green Bonds US – Proposed Revisions** – 40 minutes
6. Adjourn

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

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Next Regular Meeting: Wednesday, May 12, 2021 –2:00 to 3:30 p.m.
Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT and online

Resolutions

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

Wednesday January 13, 2021
2:00-3:30 PM

Staff Invited: Sergio Carrillo, Mackey Dykes, Brian Farnen, Bryan Garcia, Bert Hunter, Jane Murphy, and Eric Shrago

1. Call to order

2. Public Comments – 5 minutes

3. Approve Meeting Minutes for June 16, 2020 Special Meeting* – 5 minutes

Resolution #1

Motion to approve the minutes of the Budget, Operations & Compensation Committee meeting for June 16, 2020.

Second. Discussion. Vote

4. FY 2021 Targets and Budget** – 40 minutes

Resolution #2

RESOLVED, the Budget, Operations & Compensation Committee recommends the Connecticut Green Bank Board of Directors approve the fiscal year 2021 budget and target adjustments outlined in the accompanying memorandum and in Attachment A.

Second. Discussion. Vote

5. Comprehensive Plan – Green Bonds US – Proposed Revisions** – 40 minutes

Resolution #3

RESOLVED, the Budget, Operations, and Compensation Committee recommends the Connecticut Green Bank Board of Directors approve the proposed revisions to the Comprehensive Plan – Green Bonds US outlined in Attachment B;

RESOLVED, the staff work to further develop the Evaluation Framework by identifying metrics and methodologies for measuring impacts on equity, including, but not limited to income and race, from investments in and deployment of clean energy in vulnerable communities.

6. Adjourn

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

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Access Code: 249-080-101

Next Regular Meeting: Wednesday, May 12, 2020 –2:00 to 3:30 p.m.
Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT and online

ANNOUNCEMENTS

- **Mute Microphone** – in order to prevent background noise that disturbs the meeting, if you aren’t talking, please mute your microphone or phone.

- **Chat Box** – if you aren’t being heard, please use the chat box to raise your hand and ask a question.

- **Recording Meeting** – per Executive Order 7B (i.e., suspension of in-person open meeting requirements), we need to record and post this board meeting.

- **State Your Name** – for those talking, please state your name for the record.

CONNECTICUT
GREEN BANK

Budget, Operations, and Compensation Committee Meeting

January 13, 2021

Budget, Operations, and Compensation Committee

Agenda Item #1

Call to Order

Budget, Operations, and Compensation Committee

Agenda Item #2

Public Comments

Budget, Operations, and Compensation Committee

Agenda Item #3

Approval of June 16, 2020 Meeting Minutes

Budget, Operations, and Compensation Committee

Agenda Item #4

FY 2021 Targets and Budget

Comprehensive Plan
FY 2021 Incentive Programs Targets – Proposed Revisions

Program / Product	Projects	Total Investment ($MM's)	Installed Capacity (MW)	Ann. GHG Emissions Avoided (TCO2)
Residential Solar Investment Program	3,177-4,706	$96.7-$143.2	27-40	16,995-25,178
Solar for All Program	177-416	$4.3-$10.1	1.2-2.7	724-1,700
Equitable Modern Grid	0-100	$0.0-$0.9	0-5	-
EnergizeCT Smart-E Loan	270-740	$3.6-$9.8	3-10	1,972-3,911
Total	3,447-5,581	$100.3-153.0	27.3-41.5	19,691-30789

To support between **3,447-5581 projects**
requiring investment of between **$100.3 and $153 million ~~$92 and 153 million~~**
to deploy at least **27.3 and 41.5 MW ~~26.1 and 46 MW~~** of clean energy

REFERENCES
1. FY 2020 YTD – through Q2 (December 31, 2020)

Comprehensive Plan
FY 2021 Financing Programs Targets – Proposed Revisions

CONNECTICUT GREEN BANK

Program / Product	Projects	Total Investment ($MM's)	Installed Capacity (kW)	Ann. GHG Emissions Avoided (TCO2)
Commercial PACE	33-48	$15.2-$23.3	5.3-7.1	1,452-1,641
Green Bank Solar PPA	30-58	$4.0-$6.8	6.2-15.4	3,400-9,668
Small Business Energy Advantage	1,203	$20.4	-	-
Multifamily Predevelopment Loan	1	$0.1	-	-
Multifamily Term Loan	2	$0.2	0.1	68
Multifamily Health & Safety	1	$0.1	-	-
EV Offset Program	-	-	-	17,770
Strategic Investments	3	$7.8	-	-
Total	1,267-1,273	$46.1-$69.2	10.9-20.7	6,800 -13,100

To support between **1,267-1,273 projects ~~1,267 – 1,309 projects~~** requiring investment of between **$46.1 and $69.2 million ~~$46.1 and 74 million~~** to deploy at least **10.9 and 20.7 MW ~~10.9 and 18.1 MW~~** of clean energy

REFERENCES

1. FY 2020 YTD – through Q2 (December 31, 2020)

Budget
Overall Changes (revenues)

	Budget	Fiscal Year 06/30/2021 FY21 Original Budget	Variance
Revenue			
Operating Income			
Utility Customer Assessments	25,080,817	24,772,400	308,417
RGGI Auction Proceeds-Renewables	4,945,407	4,280,200	665,207
CPACE Closing Fees	144,000	144,000	0
REC Sales	10,341,132	10,158,607	182,525
Sales of Energy Systems	0	0	0
Grant Income-Federal Programs	30,000	30,000	0
PPA Income	626,000	626,000	0
LREC/ZREC Income	285,000	285,000	0
Total Operating Income	41,452,356	40,296,207	1,156,149
Interest Income	5,952,998	5,952,998	0
Interest Income, Capitalized	228,115	228,115	0
Other Income	442,092	442,091	0
Total Revenue	**$48,075,561**	**$46,919,411**	**1,156,149**

Budget
Overall Changes (Expenses)

	Budget	Fiscal Year 06/30/2021 FY21 Original Budget	Variance
Operating Expenses			
Compensation and Benefits			
Employee Compensation	5,000,218	5,000,218	0
Employee Benefits	4,186,775	4,186,775	0
Total Compensation and Benefits	9,186,993	9,186,993	0
Program Development & Administration	4,825,734	4,880,734	(55,000)
Cost of Sales Energy Systems	0	0	0
Marketing Expense	1,318,042	1,318,042	0
E M & V	675,000	575,000	100,000
Research and Development	71,000	71,000	0
Consulting and Professional Fees			
Consulting/Advisory Fees	904,420	796,500	107,920
Accounting and Auditing Fees	258,350	258,350	0
Legal Fees & Related Expenses	385,000	385,000	0
Bond Issuance Costs	1,125,000	1,125,000	0
Total Consulting and Professional Fees	2,672,770	2,564,850	107,920
Rent and Location Related Expenses			
Rent/Utilities/Maintenance	339,998	339,998	0
Telephone/Communication	91,099	91,099	0
Depreciation & Amortization	615,021	613,854	1,167
Total-Rent and Location Related Expenses	1,046,118	1,044,951	1,167
Office, Computer & Other Expenses			
Office Expense	182,894	182,894	0
Insurance	290,000	290,000	0
Commitment Fees	20,000	20,000	0
Subscriptions	64,000	64,000	0
Training & Education	112,000	112,000	0
IT Operations	452,213	452,213	0
Travel, Meeting & Related Expenses	105,500	105,500	0
Total-Office, Computer & Other Exp	1,226,607	1,226,607	0
Total Operating Expenses	**$21,022,264**	**$20,868,177**	**154,087**
Program Incentives and Grants			
Financial Incentives-CGB Grants	100,000	100,000	0
Program Expenditures-Federal Grants	30,000	30,000	0
EPBB/PBI/HOPBI Incentives	16,716,539	16,716,539	0
Total Program Incentives and Grants	**$16,846,539**	**$16,846,539**	**0**
Operating Income/(Loss)	$10,206,758	$9,204,696	1,002,062
Non-Operating Expenses			
Interest Expense	2,825,917	2,825,917	0
Provision for Loan Loss	2,478,750	2,478,750	0
Interest Rate Buydowns-ARRA	1,592,491	1,592,491	0
Total Non-Operating Expenses	**$6,897,158**	**$6,897,158**	**0**

Resolution #2

CONNECTICUT GREEN BANK

Resolution #2

RESOLVED, the Budget, Operations & Compensation Committee recommends the Connecticut Green Bank Board of Directors approve the fiscal year 2021 budget and target adjustments outlined in the accompanying memorandum and in Attachment A.

Second. Discussion. Vote

Budget, Operations, and Compensation Committee

Agenda Item #5

Comprehensive Plan – Proposed Revisions

Comprehensive Plan
Proposed Revisions

- **Justice, Equity, Diversity and Inclusion (JEDI)**
  1. Vision Statement – “a planet protected by the love of humanity”
  2. Definition – vulnerable communities
  3. Goal #2 – “…, especially vulnerable communities,…”
  4. Incentive Program Target – investment and benefits
  5. Financing Program Target – investment and benefits
- **Other Proposed Revisions**
  - Incentive Programs – progress to target, COVID-19 impacts on SOD leading to RSIP-E, and “Solarize Storage”
  - Green Liberty Bonds
  - Various Other Clean-Ups – Patronicity, E4 Evaluation Framework, and updated reports (i.e., FY20 CAFR, FY20 annual report)

Resolution #3

Resolution #3

RESOLVED, the Budget, Operations, and Compensation Committee recommends the Connecticut Green Bank Board of Directors approve the proposed revisions to the Comprehensive Plan – Green Bonds US outlined in Attachment B;

Budget and Operations Committee

Agenda Item #6
Adjourn

BUDGET, OPERATIONS, AND COMPENSATION COMMITTEE OF THE CONNECTICUT GREEN BANK
Regular Meeting Minutes

Wednesday, June 10, 2020
2:00 – 3:30 p.m.

A regular meeting of the Budget, Operations, and Compensation Committee of the **Connecticut Green Bank (the "Green Bank")** was held on June 10, 2020.

Due to COVID-19, all participants joined via the conference call.

Committee Members Present: Eric Brown, John Harrity, Michael Li, Lonnie Reed

Committee Members Absent: None

Staff Attending: Brian Farnen, Bryan Garcia, Bert Hunter, Jane Murphy, Cheryl Samuels, Ariel Schneider, Eric Shrago

Others present: None

1. Call to Order

- John Harrity called the meeting to order at 2:03 pm.

2. Public Comments

- No public comments.

3. Meeting Minutes from May 13, 2020

Resolution #1

Motion to approve the meeting minutes of the Budget, Operations, and Compensation Committee from May 13, 2020.

Upon a motion made by Michael Li and seconded by John Harrity, the Budget, Operations, and Compensation Committee voted to approve Resolution 1. None opposed or abstained. Motion approved.

4. Changes in Bylaws Impacting the Committee

- Bryan Garcia reviewed the redline changes to the bylaws. The changes include some best practices from other quasi-public agencies and comments from audits of other organizations.
    - A new Treasurer position to be elected by the Board of Directors. Other bylaws included a Treasurer, and given the upcoming bond issuance, it was determined that a Treasurer would be beneficial for the general financial oversight of the Green Bank.
    - A change in this committee's name to include Compensation as part of its responsibility. Though some quasi-public agencies have their own stand-alone Compensation committee, it felt appropriate for the Green Bank to incorporate it into the existing Budget & Operations Committee.
    - The Budget, Operations, and Compensation Committee will gain additional responsibilities, including the adoption of a formal compensation philosophy, an annual review of compensatory time, and annual review of reimbursable education assistance.
- John Harrity asked if there had been any issues in past regarding compensation time or educational assistance at the Green Bank. Bryan Garcia clarified that for compensation time, he doesn't believe there is an issue. Director positions and higher don't receive compensation time, and other employees need approval from the Directors. For education reimbursement assistance, the Green Bank will continue reviewing what is been reimbursed. Again, he doesn't believe there are any issues, but that is the importance of the review. Eric Shrago agreed and stated many staff have finished their degrees and goals recently, and the Green Bank policy is pretty generous.
- John Harrity urged the committee members to review all documents and forward any questions to Bryan Garcia before the next Board of Directors meeting on June 26.
- Eric Brown asked if the reports about what is found from the reviews have to be sent anywhere or kept on file and what happens to the data once its collected. Bryan Garcia stated this would be the first time the Green Bank collects and reviews the information, and it would likely be presented as a memo to the Board at the September meeting, and then reported on an annual basis going forward.

5. Succession Plan

- Bryan Garcia reviewed the history of the Succession Plan. Typically, the Audit, Compliance, and Governance Committee is responsible for Succession management. The info was presented to the ACG Committee, and it has been made a key focus of the Green Bank to retain the best and brightest. This previous Succession Plan worked well: in the last 3 years, 6 of 11 senior management transitioned, so the plan helped tremendously during those times. The Proposed Plan is the third, an update to the second plan, and includes an extensive amount of information and analysis.
- The Senior Team continues to be motivated by non-compensation benefits and goes above what is expected, even with the impacts from COVID-19.
- The Plan's findings include that the Green Bank's lack of current successors is an issue that needs to be addressed, though there is strong leadership potential. It is likely that in 2-5 years those employees will be appropriately prepared. As well, National elections might have an impact on senior staff, as the results of the 2020 election may cause them to transition in support of the U.S. Government.

- In terms of how the Succession Plans related to the BOC Committee, there are 4 main points which include discussion of the compensation, benefits, development, merit, and promotion pools and wanting to develop a system of compensation that was internally equitable and externally competitive.
- John Harrity asked without the formal analysis, but based on personal knowledge, if it seem as though Green Bank jobs are externally competitive currently. Bryan Garcia expressed concern that a great rising star group was built, but local businesses may be offering 25% more with bonuses which may be more attractive to them. Therefore, the goal is to provide professional development so employees feel satisfied. John Harrity also asked if there has ever been any discussion about a senior executive recruitment policy for people who are at the end of their career who want to help the Green Bank directly before they fully retire. Eric Shrago commented that the Green Bank attracted some of the talent it has now by doing just that without it being a formal system but noted it may also compete with the goal of moving lower level people up through the organization given the investment in them. He noted the need to look at on a case by case basis. Bryan Garcia also commented that the ACG Committee suggested keeping in touch with individuals who reflect the Green Bank's interests, ideals, and are not be shy about trying to recruit them as appropriate.
    - Lonnie Reed added that it is good to keep an eye on the full spectrum of opportunities which can be difficult but is so useful.

6. FY2021 – Expenses (Staffing, Incentive Programs, and General Operations)

- Eric Shrago reviewed the Staffing Plan changes from FY20 to FY21. Changes include 2 new positions in addition to 4 from FY20 that weren't filled. The systems and processes that the proposed Residential Asset Manager would manage are technical and complex, so having someone focused in on those would help make sure that everything run smoothly.
    - John Harrity asked if it was likely that one or both would be filled internally. Eric Shrago answered that they both could be filled internally, and conversations have begun with candidates, but they haven't been finalized yet. Bryan Garcia also commented that the Special Advisor to the President and CEO position may be held for Selya Price, who is looking to resign from her position, but her knowledge, skillset, and experience is invaluable to the Green Bank so if she can be retained in a new position, that would be the best outcome. The other, being an important technology and policy position, it would be ideal for current employees to apply, but are conducting an external search as well to be thorough. John Harrity commented that it seemed the Special Advisor position would be hard to be effective at if filled by someone new to the Green Bank. Bryan Garcia agreed and said if Selya Price decided not to take it, then it would be eliminated.
    - Eric Shrago explained that for the battery storage program, the Green Bank is seeking an additional 3 to help with the implementation and management of it. So, the positions are contingent upon the battery storage program even being approved for the Green Bank in the fall. Bryan Garcia added that right now PURA is running the docket which includes battery storage among other topics, and that the Green Bank is putting together a design to submit which will be considered. It may be funded through the older grid modernization plan, which is the current contingency plan.
    - Eric Shrago also pointed out that the Director of Multifamily Housing Programs

position has been eliminated and rolled into the responsibilities of Inclusive Prosperity Capital.

- In summary, FY21 is has a higher Staffing Budget of $4.7 million in comparison to FY20's $4.1 million, but the merit pool is not to be used while the COVID-19 changes and disruption is in place. John Harrity asked where the variance is coming from. Eric Shrago answered that the new and contingent employees. Bryan Garcia suggested bringing more clarity to the variance with a more detailed breakdown.
  - Eric Brown asked if the positions that are characterized as being used to attract more customers to the Green Bank, if any of the payment for those positions is contingent on the actual results of their efforts, such as a commission-based model. Eric Shrago noted that building pipelines had been attempted before through external companies, but it never really panned out. Paying on a per-deal basis or through bonuses has not worked for the Green Bank, so it isn't being considered at this time. The Committee discussed the possibility of a commission-based plan for the position including some of the benefits and downsides of it. Eric Shrago said possible models can be investigated.
- Eric Shrago reviewed the FY21 Incentive Program expenses. Most changes are due to the possibility of the battery storage program. Some is recoverable through RSIP and some through PURA. Overall differences to highlight include compensation changes due to Selya Price and the 3 positions discussed earlier and the move of some expenses into the Incentive Programs budget as deemed appropriate. Bond issuance costs have been included in case the issuance isn't started in FY20, but they are lower than previous estimates.
- For FY21 General Operation expenses, the overall budget has decreased, and it is noted that some expenses are allocated out to other programs. There is a drastic decrease in the Research and Development budget from $310,000 to $71,000 ($40,000 is not shown in the presentation due to a recent change as to that money's allocation).
- For FY21 Marketing expenses, most changes are from rebranding efforts along with a push to develop stronger relationships with companies directly instead of only through programs specifically. Parts of the budgets from individual programs have been moved to Marketing for those opportunities that are being led by the Marketing team.
- For FY21 Other Operating Expenses, changes are mostly due to depreciation and insurance increases.
- For FY21 Capital, the increased budget is due to the offices moving.
- The Committee then discussed potential concerns about suspending energy bill payments from CT following RI's lead to do so, which would impact the Green Bank's income streams. Eric Shrago said he would include the revenue projection in the mailing for the next meeting where they would be reviewed briefly.
- The final budget updates will be mailed for the BOC Committee meeting on June 16, 2020.

7. Update on Office Space Search

- Eric Shrago summarized that the selections for the Rocky Hill office are narrowed down to the current location and 75 Charter Oak Ave in Hartford at the CT Non-Profit Center. For the Stamford office, the best choice is 700 Canal Street, 5th Floor, in Stamford. The team is building towards final recommendations next week.
- Eric Brown asked if there is any opportunity to indicate the Green Bank's presence externally on the building, whichever is selected. Eric Shrago said it has only come up

for one property, but it didn't pan out. He said it can be discussed, but the buildings have a lot of connectivity to the communities in their areas, so even if not, then there may be an opportunity to build connections through that network. John Harrity commented that a visual marquee, especially in Hartford, should be pursued as it could be a great benefit.

8. Adjourn

Upon a motion made by Eric Brown and seconded by Michael Li, the Budget and Operations Committee Meeting adjourned at 3:32 pm.

Respectfully submitted,

____

John Harrity, Chairperson

Subject to Changes and Deletions

BUDGET, OPERATIONS, AND COMPENSATION COMMITTEE OF THE CONNECTICUT GREEN BANK
Special Meeting Minutes

Wednesday, June 16, 2020
3:00 – 4:30 p.m.

A special meeting of the Budget, Operations, and Compensation Committee of the **Connecticut Green Bank (the "Green Bank")** was held on June 16, 2020.

Due to COVID-19, all participants joined via the conference call.

Committee Members Present: Eric Brown, John Harrity, Michael Li, Lonnie Reed

Committee Members Absent: None

Staff Attending: Brian Farnen, Bryan Garcia, Bert Hunter, Jane Murphy, Cheryl Samuels, Ariel Schneider, Eric Shrago, Taylor Vann

Others present: None

1. Call to Order

- John Harrity called the meeting to order at 3:02 pm.

2. Public Comments

- No public comments.

3. Meeting Minutes from June 10, 2020

<u>Resolution #1</u>

Motion to approve the meeting minutes of the Budget, Operations, and Compensation Committee from June 10, 2020.

This Resolution was decided to be approved at the next meeting.

4. FY 2021 – Budget and Targets Review and Recommendation to the Board

- Eric Shrago reviewed the FY21 Financing Programs Expenses. Eric explained that there aren't any major changes between FY20 and FY21, but the targets are driven by available opportunities.
  - John Harrity asked if Inclusive Prosperity Capital was included in the Multifamily items. Eric Shrago said the Green Bank does subcontract out to IPC, who manages the program on the Green Bank's behalf alongside other vendors, but those fees are not what is affecting the increase. The increase is part of running the program and pursuing new opportunities.
- For FY21 Investments: The Green Bank is looking to continue to build its portfolio and disburse money to projects for CPACE, the Solar MAP project, third party developers, SBEA, and other strategic investments.
- For FY21 Targets: Each target has a range for number of projects, capital deployed, MW capacity and its comparison to FY20 actuals. Some programs have expected decrease in activity though others are increasing even in a worst-case scenario.
  - John Harrity asked if the minimum and maximum range is typical from previous years or larger. Bryan Garcia answered that the size of the range is predominantly due to the RSIP, as those were calculated based on information from before the economic changes due to COVID-19 and is still in development due to legislative decisions.
- FY21 Revenue and Expenses: Revenues are expected to increase by $2.3 million. Standard sources of income have actually decreased but it is offset due to increases from the SHREC Revs, PPA income, investment growth, and other incomes. Operating Expenses are increasing overall by $1.6 million from a variety of sources, heavily influenced by personnel expenses and those expenses contingent on the Battery Storage Approval from PURA, but also offset by the bond issuance in the Municipal market versus ABS market. There are also increases from the development of an Asset Management program, marketing expenses from the Solar MAP and bond issuance, and other expenses. Incentive and Grants are increasing by $1.2 million from additional PBIs. Non-Operating expenses are decreasing by $505,000 due to the loan loss reserves.
- Eric Shrago reviewed the FY21 Strategic Partners, which are some of the larger partners that the Green Bank works with.
  - John Harrity asked if the Green Bank has ever received negative feedback for working with the strategic partners due to perceptions about working with contractors from the State. Bryan Garcia noted that the Green Bank hasn't heard of any issues directly, but it also reports consultants through the State Comptroller to bring more transparency. Bert Hunter added that the Green Bank's process for transactions in large amounts is robust and is spelled out in Green Bank's Operating Procedures which helps build that trust and transparency.

<u>Resolution #2</u>

RESOLVED, the Connecticut Green Bank's (Green Bank) Budget and Operations Committee recommends that the Green Bank Board of Directors approve the Fiscal Year 2021 Targets and Budget;

RESOLVED, the Budget and Operations Committee recommends that the Board of Directors authorizes Green Bank staff to extend the professional services agreements (PSAs) currently in place with the following, contingent upon a competitive bid process having occurred in the last three years (except Alter Domus (formerly Cortland), Sustainable Connecticut, Adnet Technologies, and Inclusive Prosperity Capital):

I. Adnet Technologies, LLC
II. Clean Power Research, LLC
III. Alter Domus (formerly Cortland)
IV. CSW, LLC.
V. Inclusive Prosperity Capital
VI. Locus Energy, LLC
VII. ReCurve Analytics
VIII. ERS
IX. BlumShapiro
X. Guidehouse (aka Navigant)
XI. Sustainable CT
XII. GO, LLC
XIII. Adams & Knight
XIV. Environmental Control, Inc., d/b/a ENCON
XV. Strategic Environmental Associates, Inc.

For fiscal year 2021 with the amounts of each PSA not to exceed the applicable approved budget line item.

RESOLVED, the Budget and Operations Committee recommends that the Board of Directors authorize and empower the proper Green Bank officers to do all other acts and execute and deliver all other documents and instruments as they shall deem necessary and desirable to execute these extensions.

Upon a motion made by Eric Brown and seconded by Mike Li, the Budget, Operations, and Compensation Committee voted to approve Resolution 2. None opposed or abstained. Motion approved.

5. Comprehensive Plan – Proposed Revisions

- Bryan Garcia reviewed the Comprehensive Plan for FY21, including the new targets, program alignment with operation, inclusion of greenhouse gas emission and air pollution reductions in targets, and other items within the plan.
    - John Harrity asked if there is a set date for when the PURA docket about battery storage program will be resolved. Bryan Garcia said the deadline for the proposal is July 31, 2020 and there are expected to be many submissions, but there should be a clearer picture of where the docket is headed within the next few months.

6. Recommendation on Office Space

- Eric Shrago reviewed the final proposals for the new office spaces.
    - For Rocky Hill, the proposed location is 75-85 Charter Oak Avenue in Hartford. It

is about 10,000 sq. ft for approximately $260,000 per year for 10.5 years. The owners are interested in green energy initiatives for the building as well.
- For Stamford, the proposed location is 700 Canal Street in Stamford. It is about 3,600 sq. ft for approximately $122,000 per year for 5.5 years. The cost for the selected space in Stamford is very similar to existing cost. These building owners are also interested in green energy initiatives, and it comes with free parking which is rare for Stamford.

<u>Resolution #3</u>

WHEREAS, the leases on the Green Bank's offices in Rocky Hill and Stamford expire on December 31, 2020;

WHEREAS, staff having engaged CB Richard Ellis who have guided the organization's search for new office space, have identified office space at:
75-85 Charter Oak Avenue, Hartford, CT,
700 Canal Street, Stamford, CT;

RESOLVED, the Budget and Operations Committee recommends that the Board of Directors authorizes Green Bank staff to negotiate and enter into leases with the owners of the aforementioned buildings provided they are consistent with the financial terms presented to this committee today in the memorandum dated June 12, 2020.

Upon a motion made by Lonnie Reed and seconded by Mike Li, the Budget, Operations, and Compensation Committee voted to approve Resolution 3. None opposed or abstained. Motion approved.

7. Adjourn

Upon a motion made by Lonnie Reed and seconded by Mike Li, the Budget, Operations, and Compensation Committee Meeting adjourned at 4:01 pm.

Respectfully submitted,

____
John Harrity, Chairperson

845 Brook Street, Rocky Hill, CT 06067
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CONNECTICUT GREEN BANK

Memo

To: Connecticut Green Bank Board of Directors

From: Bryan Garcia (President and CEO), Jane Murphy (Executive Vice President of Finance and Administration), and Eric Shrago (Managing Director of Operations)

Date: January 7, 2021

Re: Proposed updates to FY2021 Targets and Budget

I. Targets

After two quarters of assessing program performance and market conditions, the Green Bank staff has proposed the following adjustments to the best guess targets for this fiscal year:

- Increasing the overall projects target for the Green Bank Solar PPA to 33 projects, $25,750,000 in capital deployment, and 15.4 MW of installed capacity. This is reflective of the current pipeline of projects.
- Increasing the RSIP target by 353 projects, $10,740,000 capital deployment, and 3 MW of installed capacity due to higher than expected volume in the first two quarters.
- The busier than expected first two quarters is also causing staff to propose increased targets for Solar for All (low income leases) by 239 projects, $5.8 million in capital deployment and 1.5MW installed capacity.
- Similarly, it was busy fall for Smart-E that was also bolstered by the special offer. Staff propose increasing the target by 470 projects, $6.2 million of capital deployment, and .7MW of installed capacity.
- Staff are proposing removing the Battery Storage targets for FY 2021 as the Battery storage program that has been reviewed by PURA is not going to launch this fiscal year. An update will be provided at the next board meeting.

Overall, targets for the organization are summarized in the following tables:.

Table 1. Proposed FY 2021 Targets for the Incentive Programs Business Unit

Program / Product	Projects	Total Investment ($MM's)	Installed Capacity (kW)	Ann. GHG Emissions Avoided (TCO2)
Residential Solar Investment Program[1]	3,177-4,706	$96.7-$143.2	27,000-40,000	16,995-25,178
Solar for All Program	177-416	$4.3-$10.1	1,200-2,700	724-1,700
Equitable Modern Grid[2]	0-100	$0.0-$0.9	0-500	-
EnergizeCT Smart-E Loan	270-740	$3.6-$9.8	300-1,000	1,972-3,911
Total[3]	**3,447-5,581**	**$100.3-153.0**	**27,300-41,500**	**19,691-30789**

Table 2. Proposed FY 2021 Targets for the Financing Programs Business Unit

Program / Product	Projects	Total Investment ($MM's)	Installed Capacity (kW)	Ann. GHG Emissions Avoided (TCO2)
Commercial PACE	33-48	$15.2-$23.3	5,300-7,100	1,452-1,641
Green Bank Solar PPA	30-58	$4.0-$6.8	6,200-15,400	3,400-9,668
Small Business Energy Advantage	1,203	$20.4	-	-
Multifamily Predevelopment Loan	1	$0.1	-	-
Multifamily Term Loan	2	$0.2	0.1	68
Multifamily Health & Safety	1	$0.1	-	-
EV Offset Program	-	-	-	17,770
Strategic Investments	3	$7.8	-	-
Total	**1,267-1,273**	**$46.1-$69.2**	**10,900-20,700**	**6,800 -13,100**

II. Proposed Changes to the Green Bank Investment and Operating Budgets

The overall net proposed budget represents an increased spend of $154.087 and an increase in revenue of $1,156,149. The proposed updated budget differs from the original, approved budget in the following ways:

Incentive Programs
Staff proposes $152,920 additional expenses that are offset by an increase of $182,525 in operating income in the Incentive Programs.

- Revenues from RECs have been updated and are what are driving the entire $182,525 increase vs. the original budget. (This is noted as Adjustment B in Attachment B)

[1] Including RSIP-E
[2] The Connecticut Green Bank will be submitting a proposal into Docket No. 17-12-03(RE03) – Electric Storage. Should the Request for Proposed Designs ("RFPD") be accepted by PURA, then the Green Bank would anticipate administering an upfront electric storage incentive program beginning January 1, 2021.
[3] The total does not count Solar for All projects separately because all Solar for All projects are also RSIP projects and therefore already counted.

- The expense changes are composed of the following:
  - Program Administration (Adjustment C in the attachment):
    - Increase of RSIP inspections budget by $35,000 to match the increased volume and to ensure the smooth and orderly market transition as the program hits its statutory cap (This is cost recoverable);
    - Increase of Smart-E inspections budget by $10,000 to support the increased volume;
    - Reduction of technical support by $100,00 based on the likelihood the program will use those funds this year to develop the next stage of our asset management platform.
  - EMV – a proposed increase of $100,000 to support the regulatory work in which the Green Bank has been involved (This is cost recoverable. This is Adjustment D in the attachment);
  - Consulting and Professional Fees (proposed increase of $107,920 which is cost recoverable. This is Adjustment E in the attachment):
    - Increase of $20,000 as a contingency if the review of the next tranche of systems for the next SHREC bond issuance does not go as planned and we need further support from the outside engineer;
    - Increase of $87,920 that covers the support from 2 former interns and a consultant who are working through a backlog of closeouts of completed RSIP systems. This will also cover a PSA with Selya who will continue to provide support after she leaves the organization in February.

Financing Programs
The Green Bank is proposing adjusting the Financing Programs revenue upward by $973,624 based on higher than expected income from Utility Customer Assessments (This is Adjustment A in the attachment) and RGGI auction Proceeds (This is part of Adjustment B in the attachment).

Staff also proposes additional expenses of $1,167 in the Financing Programs related to the build out of our new office. This is the fiscal year's amortization of an additional $14,000 to be spent this year on a new IT room in the new facility. Staff also are proposing a reallocation $28,000 from our original budget for furniture to leasehold improvements. (This is Adjustment F in the attachment).

We look forward to our meeting this week and to discussing these with you at that time.

Connecticut Green Bank

Fiscal Year Budget - Recast vs. Original

	TOTAL CONNECTICUT GREEN BANK			INCENTIVE PROGRAMS			FINANCING PROGRAMS		
	Recast Budget	Original Budget	Variance	Recast Budget	Original Budget	Variance	Recast Budget	Original Budget	Variance
Revenue									
Operating Income									
Utility Customer Assessments	25,080,817	24,772,400	308,417 (a)	-	-	-	25,080,817	24,772,400	308,417 (a)
RGGI Auction Proceeds-Renewables	4,945,407	4,280,200	665,207 (b)	-	-	-	4,945,407	4,280,200	665,207 (b)
CPACE Closing Fees	144,000	144,000	-	-	-	-	144,000	144,000	-
REC Sales	10,341,132	10,158,607	182,525 (b)	10,341,132	10,158,607	182,525 (b)	-	-	-
Grant Income-Federal Programs	30,000	30,000	-	-	-	-	30,000	30,000	-
PPA Income	626,000	626,000	-	-	-	-	626,000	626,000	-
LREC/ZREC Income	285,000	285,000	-	-	-	-	285,000	285,000	-
Total Operating Income	41,452,356	40,296,207	1,156,149	10,341,132	10,158,607	182,525	31,111,224	30,137,600	973,624
Interest Income	5,952,998	5,952,998	-	70,500	70,500	-	5,882,498	5,882,498	-
Interest Income, Capitalized	228,115	228,115	-	-	-	-	228,115	228,115	-
Other Income	442,092	442,091	-	-	-	-	442,091	442,091	-
Total Revenue	**48,075,561**	**46,919,411**	**1,156,149**	**10,411,632**	**10,229,107**	**182,525**	**37,663,928**	**36,690,304**	**973,624**
Operating Expenses									
Compensation and Benefits									
Employee Compensation	5,000,218	5,000,218	-	1,483,788	1,483,788	-	3,516,430	3,516,430	-
Employee Benefits	4,186,775	4,186,775	-	1,238,016	1,238,016	-	2,948,760	2,948,760	-
Total Compensation and Benefits	9,186,993	9,186,993	-	2,721,804	2,721,804	-	6,465,190	6,465,190	-
Program Development & Administration	3,459,515	3,514,515	(55,000) (c)	2,536,424	2,591,424	(55,000) (c)	923,090	923,090	-
Program Administration-IPC Fee	1,366,219	1,366,219	-	270,837	270,837	-	1,095,382	1,095,382	-
Marketing Expense	1,318,042	1,318,042	-	344,346	344,346	-	973,696	973,696	-
E M & V	675,000	575,000	100,000 (d)	450,000	350,000	100,000 (d)	225,000	225,000	-
Research and Development	71,000	71,000	-	-	-	-	71,000	71,000	-
Consulting and Professional Fees									
Consulting/Advisory Fees	904,420	796,500	107,920 (e)	396,420	288,500	107,920 (e)	508,000	508,000	-
Accounting and Auditing Fees	258,350	258,350	-	-	-	-	258,350	258,350	-
Legal Fees & Related Expenses	385,000	385,000	-	150,000	150,000	-	235,000	235,000	-
Bond Issuance Costs	1,125,000	1,125,000	-	1,125,000	1,125,000	-	-	-	-
Total Consulting and Professional Fees	2,672,770	2,564,850	107,920	1,671,420	1,563,500	107,920	1,001,350	1,001,350	-
Rent and Location Related Expenses									
Rent/Utilities/Maintenance	339,998	339,998	-	101,298	101,298	-	238,700	238,700	-
Telephone/Communication	91,099	91,099	-	27,142	27,142	-	63,957	63,957	-
Depreciation & Amortization	615,021	613,854	1,167 (f)	33,416	33,416	-	581,605	580,438	1,167 (f)
Total-Rent and Location Related Expenses	1,046,118	1,044,951	1,167	161,856	161,856	-	884,262	883,095	1,167
Office, Computer & Other Expenses	1,226,607	1,226,607	-	296,222	296,222	-	930,384	930,384	-
Total Operating Expenses	**21,022,264**	**20,868,177**	**154,087**	**8,452,909**	**8,299,989**	**152,920**	**12,569,354**	**12,568,187**	**1,167**
Program Incentives and Grants									
Financial Incentives-CGB Grants	100,000	100,000	-	-	-	-	100,000	100,000	-
Program Expenditures-Federal Grants	30,000	30,000	-	-	-	-	30,000	30,000	-
EPBB/PBI/HOPBI Incentives	16,716,539	16,716,539	-	16,716,539	16,716,539	-	-	-	-
Total Program Incentives and Grants	**16,846,539**	**16,846,539**	**-**	**16,716,539**	**16,716,539**	**-**	**130,000**	**130,000**	**-**
Operating Income/(Loss)	**10,206,758**	**9,204,696**	**1,002,062**	**(14,757,816)**	**(14,787,421)**	**29,605**	**24,964,574**	**23,992,117**	**972,457**
Non-Operating Expenses									
Interest Expense	2,825,917	2,825,917	-	2,515,114	2,515,114	-	310,803	310,803	-
Provision for Loan Loss	2,478,750	2,478,750	-	-	-	-	2,478,750	2,478,750	-
Interest Rate Buydowns-ARRA	1,592,491	1,592,491	-	1,592,491	1,592,491	-	-	-	-
Total Non-Operating Expenses	**6,897,158**	**6,897,158**	**-**	**4,107,605**	**4,107,605**	**-**	**2,789,553**	**2,789,553**	**-**
Net Revenues Over (Under) Expenses	**3,309,600**	**2,307,538**	**1,002,062**	**(18,865,420)**	**(18,895,026)**	**29,605**	**22,175,021**	**21,202,564**	**972,457**

See budget memo for details of adjustments (a) through (f).

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CONNECTICUT GREEN BANK

Memo

To: Connecticut Green Bank Board of Directors

From: Bryan Garcia (President and CEO)

Cc: Sergio Carrillo (Director of Incentive Programs), Mackey Dykes (Vice President of Financing Programs), Brian Farnen (General Counsel and CLO), Bert Hunter (EVP and CIO), Jane Murphy (EVP of Finance and Administration), and Eric Shrago (Managing Director of Operations)

Date: January 6, 2021

Re: Proposed Revisions to Comprehensive Plan – Recognition of the Need to Increase Investment in Vulnerable Communities and Other Proposed Changes

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Background

The Comprehensive Plan of the Connecticut Green Bank ("Green Bank") called "Green Bonds US," serves as the foundation from which the Green Bank implements its statutory purpose.[1]

Over the past five years, the Green Bank has made a concerted effort to (1) "attract and deploy private capital investment," (2) "implement strategies that bring down the cost of clean energy in order to make it more accessible and affordable to customers," and (3) "support affordable and healthy buildings in low-to-moderate income and distressed communities" through investments that are potentially eligible for the Community Reinvestment Act ("CRA")[2] – see Table 1.[3]

Table 1. Total Investment ($MM's) in Clean Energy Projects with Focus on CRA-Eligible Locations (FY16-FY20)

	2016	2017	2018	2019	2020	Total
Total Investment	$346.1	$218.2	$262.4	$370.0	$339.1	$1,535,8
CRA-Eligible Investment	$77.3	$77.2	$76.0	$113.5	$89.8	$433,8
% Investment CRA Eligible	22%	35%	29%	31%	26%	28%

It is no secret that low-and-moderate-income ("LMI") households spend a larger percentage of their income on energy than that of higher income households. Preserving energy affordability, through the investment in and deployment of clean energy (e.g., renewable energy, energy efficiency) that avoids these unnecessary energy expenditures, is critical to the ability of these

[1] https://www.ctgreenbank.com/wp-content/uploads/2016/01/Financial-and-Gov._-CT-Green-Bank-Resolution-of-Purpose.pdf

[2] Projects are potentially compliant with CRA if they are qualifying activities located in below 80% of the Metropolitan Statistical Area's Adjusted Median Income (AMI) level.

[3] It should be noted, that of the $129.9 MM of funds received from the Clean Energy Fund ("CEF") and $16.9 MM of funds received from the Regional Greenhouse Gas Initiative ("RGGI"),[3] that this $146.8 MM has been leveraged ten times by mobilizing private investment in Connecticut's green economy.

LMI households to not only meet basic needs (e.g., food, education, healthcare, etc.), but to also build wealth. There is an aggregate energy affordability gap (i.e., difference between actual and affordable energy expenditures) of $444 million in Connecticut, resulting in a gap of $1,010 for households earning less than 60% of state median income – adversely impacting the state's urban areas of Bridgeport, Hartford, New Haven, and Waterbury.[4]

Continuing to increase the investment in and deployment of clean energy not only in LMI households, but also in historically underserved communities of color (i.e., Black and Hispanic), is important to ensure that the growth of the green economy benefits those that need it the most.

For proposed "redline" revisions to the Comprehensive Plan – see Attachment A.

Proposed Revisions to Comprehensive Plan Involving Vulnerable Communities
For the period of FY2020 and beyond, the Comprehensive Plan includes a vision statement, mission statement, and goals, along with annual targets (i.e., projects, investment, deployment, and GHG emissions avoided) and annual budget to support its Incentive Programs, Financing Programs, and Investments. As part of the FY21 target and budget revision process, this memo proposes to revise the Comprehensive Plan to recognize the importance of increasing investment in vulnerable communities.

Definition of Vulnerable Communities
Per Public Act 20-05 "An Act Concerning Emergency Response by Electric Distribution Companies, the Regulation of Other Public Utilities and Nexus Provisions for Certain Disaster-Related or Emergency-Related Work Performed in the State," supporting DEEP, the Green Bank broadened the definition of vulnerable communities to include CRA so as to communicate the importance of increasing private investment:

> *Vulnerable communities means populations that may be disproportionately impacted by the effects of climate change, including, but not limited to, low and moderate income communities, environmental justice communities pursuant to section 22a-20a, **communities eligible for community reinvestment pursuant to section 36a-30 and the Community Reinvestment Act of 1977, 12 USC 2901 et seq., as amended from time to time**, populations with increased risk and limited means to adapt to the effects of climate change, or as further defined by the Department of Energy and Environmental Protection in consultation with community representatives*

Proposed Revisions
To address the need to increase investment in vulnerable communities, the staff proposes the following five (5) revisions to the Comprehensive Plan:

1. **Vision Statement** – change to "a planet protected by the love of humanity"

2. **Goal #2** – to strengthen Connecticut's communities, especially vulnerable communities, by making the benefits of the green economy inclusive and accessible to all individuals, families, and businesses.

[4] "Mapping Household Energy & Transportation Affordability in Connecticut" research by Justine Sears and Leslie Badger of VEIC for the Connecticut Green Bank (October 2020)

3. **Definition** – inclusion of the statutory definition of “vulnerable communities”.

4. **Incentive Program Target** – by 2025, no less than 40 percent of investment and benefits (e.g., jobs) from Incentive Programs is directed to vulnerable communities.

5. **Financing Programs** – by 2025, no less than 40 percent of investment and benefits (e.g., jobs) from Financing Programs is directed to vulnerable communities.

These revisions to the Comprehensive Plan, along with associated equity metrics and methodologies within the Evaluation Framework, will reinforce the Green Bank’s commitment to inclusive prosperity with a growing focus on vulnerable communities.

Other Proposed Revisions to Comprehensive Plan

There are a number of other proposed revisions to the Comprehensive Plan, including:

- **Incentive Programs** – inclusion of updates, including revised targets, progress to statutory targets for the RSIP (i.e., through December 31, 2020), COVID-19 impact on the “sustained, orderly development of the local industry” and RSIP-E, and “Solarize Storage” proposal submitted by the Green Bank into Docket No. 17-12-03RE03;

- **Financing Programs** – including revised targets;

- **Green Liberty Bonds** – inclusion throughout the document alongside “mini” green bonds, including awards and website links; and

- **Various Clean-Ups** –Patronicity within the section on Sustainable CT, E^4 under Evaluation Framework, and links to updated reports (e.g., CAFR, annual report)

Resolution

RESOLVED, the Budget, Operations, and Compensation Committee recommends the Connecticut Green Bank Board of Directors approve the proposed revisions to the Comprehensive Plan – Green Bonds US outlined in Attachment B;

RESOLVED, the staff work to further develop the Evaluation Framework by identifying metrics and methodologies for measuring impacts on equity, including, but not limited to income and race, from investments in and deployment of clean energy in vulnerable communities.

CONNECTICUT
GREEN BANK

Comprehensive Plan

Green Bonds US

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Comprehensive Plan

Fiscal Year 2020 & Beyond

July 2019

Revised July 2020

Revised January 2021

Table of Contents

1. Executive Summary

"The civilization of New England has been like a beacon lit upon a hill, which, after it has diffused its warmth around, tinges the distant horizon with its glow."

Alexis de Tocqueville, Democracy in America

Although Connecticut is one of the smallest states in the country, its decades of legislative leadership on climate change has had an influential impact across the country and around the world. One example of this was on July 1, 2011, when in a bipartisan manner, Public Act 11-80[1] was passed. Within Section 99 of that seminal act, the nation's first state-level green bank was formed. The Connecticut Green Bank ("the Green Bank") is a public policy innovation, a catalyst that helps mobilize greater local and global investment to address climate change.

Since its inception, the Green Bank has mobilized nearly $~~1.7~~2.0 billion of investment into Connecticut's clean energy economy at nearly a 7 to 1 leverage ratio of private to public funds, supported the creation of over 23~~0~~,000 direct, indirect, and induced job-years, reduced the energy burden on over ~~40~~55,000 families (in particular low-to-moderate income families) and businesses, deployed nearly ~~360~~ 435 MW of clean energy that will help avoid over ~~5.8~~8.9 million tons of CO_2 emissions and save over $~~200~~ 230 million of public health costs over the life of the projects, and helped generate $~~87.1~~96.7 million in individual income, corporate, and sales tax revenues to the State of Connecticut.[2]

As a result of the Green Bank's success as an integral public policy tool addressing climate change in Connecticut, there has been growing national public policy interest at the local,[3] federal,[4] and international[5] levels to realize similar results. This green bank movement is about increasing and accelerating the flow of private capital into markets that energize the green economy to confront climate change and provide all of society a healthier, more prosperous future. As the "spark" to the green bank movement, the Green Bank ~~was awarded the~~continues to be recognized for its innovation through receiving the prestigious 2017 Innovations in American Government Awards by the Ash Center at Harvard University's Kennedy School of Government~~,~~[6] Innovation and Green Bond Structure Awards by Environmental Finance in 2020, and Innovative Deal of the Year by Bond Buyer in 2020.

[1] An Act Concerning the Establishment of the Department of Energy and Environmental Protection and Planning for Connecticut's Energy Future.

[2] FY19 Comprehensive Annual Financial Report

[3] American Green Bank Consortium – https://greenbankconsortium.org/

[4] US Green Bank Act of 2019 introduced by Senators Blumenthal (CT), Markey (MA), Murphy (CT), Van Hollen (MD), and Whitehouse (RI) in the Senate, National Climate Bank Act of 2019 introduced by Senators Markey (MA) and Van Hollen (MD), with co-sponsors Blumenthal (CT) and Schatz (HI), the US Green Bank Act of 2019 by Representative Himes (CT) and 13 others in the House. Democratic Presidential Candidates Inslee and Bennet proposed $90 billion and $1 trillion "green bank" and "climate banks," respectively as part of their campaigns.

[5] Green Bank Network – https://greenbanknetwork.org/

[6] https://ash.harvard.edu/news/connecticut-green-bank-awarded-harvards-2017-innovations-american-government-award

At home and abroad, there is agreement that accelerating the flow of capital into the green economy is one key to addressing the climate crisis. The Paris Agreement's third aim (beyond mitigation of greenhouse gas emissions and adaptation to climate change impacts) is making finance flows consistent with a pathway towards reduced emissions and increased climate resilient development. The Center for American Progress estimates that the U.S. needs at least $200 billion in renewable energy and energy efficiency investment a year for 20 years to reduce carbon emissions and avert climate disaster.[7] In a similar vein, the United Nations estimates that $90 trillion of investment is needed over the next 15 years to advance sustainable development and confront the worst effects of climate change.[8]

To put these numbers into perspective, this is the equivalent of between $620 to $800 of investment per person per year for the next 15 years, respectively – or, the equivalent of nearly $3 billion a year of investment in Connecticut's green economy!

Faced with the magnitude of investment required to put society on a more sustainable path to confront climate change, the Green Bank convened a group of stakeholders at the Pocantico Conference Center of the Rockefeller Brothers Fund in February of 2019 for a two-day strategic retreat entitled "Connecticut Green Bank 2.0 – From 1 to 2 Orders of Magnitude". Having convened at the Pocantico Conference Center in November of 2011 to establish the Green Bank's first strategic plan (i.e., Green Bank 1.0), this new group of stakeholders met to reflect on the past seven years and then to envision an even bigger future for the Green Bank (i.e., Green Bank 2.0) consistent with the larger investment required.[9]

The retreat identified several key findings and recommendations for the Green Bank, including:

- **Commitment to Address Climate Change** – as the most urgent issue to address, the Green Bank needs to increase and accelerate the impact of its model to support the implementation of Connecticut's climate change plan;[10]
- **Scaling Up Investment and Impact in Connecticut and Beyond** – in order to achieve the climate change goals set forth, more investment from private capital sources leveraged by innovative public sector financing will be needed to scale-up and scale-out the green bank model's impact; and
- **Green Bonds to Increase Access to Capital** – with the ability to issue bonds, the Green Bank is able to increase its access to capital beyond the current sources of funding to scale-up its investment activity, while providing more opportunities to engage citizens in new ways to invest in the state's growing green economy, including through the issuance of "mini green bonds" (i.e., bonds with denomination values of $1,000 or

[7] "Green Growth: A U.S. Program for Controlling Climate Change and Expanding Job Opportunities" by the Center for American Progress (September 2014).
[8] "Financing Sustainable Development: Moving from Momentum to Transformation in a Time of Turmoil" by the UNEP (September 2016).
[9] "Connecticut Green Bank 2.0 – From 1 to 2 Orders of Magnitude" at the Pocantico Conference Center of the Rockefeller Brothers Fund (February 6-7, 2019)
[10] "Building a Low Carbon Future for Connecticut – Achieving a 45% GHG Reduction by 2030" recommendations from the Governor's Council on Climate Change (December 18, 2018)

less) called Green Liberty Bonds that will engage citizens in making investments alongside the Green Bank.

Increasing and accelerating investment in the green economy by using limited public resources to attract and mobilize multiples of private capital investment is paramount to society's efforts to pursue sustainable development, while confronting climate change. More investment in the green economy creates more jobs in our communities, reduces the burden of energy costs on our families and businesses (especially the most vulnerable), and reduces fossil fuel pollution that causes local public health problems and global climate change.

Investment for the sake of investment is not enough unless we have an engaged citizenry that is active in communities across the state! Whether through markets or within communities in partnership with other community-based organizations, the Green Bank is bringing people together and strengthening the bonds we share with one another. In order to confront climate change and provide all of society a healthier and more prosperous future by increasing and accelerating the flow of private capital into markets that energize the green economy, the Green Bank ~~is~~ launched~~ing~~ the "Green Bonds US" campaign, that ~~seeks to~~ promotes a simple but critically important message; green brings us together~~,~~: green bonds us.

As the cover to the Comprehensive Plan of the Green Bank suggests, by making clean energy more accessible and affordable to everyone – Green Bonds US – society will reap significant gains from moving forward in the same direction together – for we can't have environmentalism without humanitarianism.

2. Organizational Overview

The Green Bank[11] was established by Governor Malloy and Connecticut's General Assembly on July 1, 2011 through Public Act 11-80 as a quasi-public agency that supersedes the former Connecticut Clean Energy Fund ("CCEF"). As the nation's first state green bank, the Green Bank leverages public and private funds to drive investment and scale-up clean energy deployment in Connecticut.

The Green Bank's statutory purposes are:

- To develop programs to finance and otherwise support clean energy investment in residential, municipal, small business and larger commercial projects and such other programs as the Green Bank may determine;
- To support financing or other expenditures that promote investment in clean energy sources to foster the growth, development and commercialization of clean energy sources and related enterprises; and

[11] Public Act 11-80 repurposed the Connecticut Clean Energy Fund (CCEF) administered by Connecticut Innovations, into a separate quasi-public organization called the Clean Energy Finance and Investment Authority (CEFIA). Per Public Act 14-94, CEFIA was renamed to the Connecticut Green Bank.

- To stimulate demand for clean energy and the deployment of clean energy sources within the state that serves end-use customers in the state.

The Green Bank's purposes are codified in Section 16-245n(d)(1) of the Connecticut General Statutes ("CGS") and restated in the Green Bank's Board approved Resolution of Purposes.

The Green Bank is a public policy innovation that exemplifies Connecticut's nearly two-decade history of bipartisan gubernatorial leadership on the issue of climate change. Other leadership highlights include:

- **Governor Rowland** – co-chaired the New England Governors and Eastern Canadian Premiers Conference, which established a regional commitment to reduce greenhouse gas emissions (i.e., 1990 levels by 2010, 10% below 1990 levels by 2020, and 80% below 2001 levels by 2050);[12]
- **Governor Rell** – supported Public Act 08-98[13] codifying the regional commitment into state law, appointing Gina McCarthy to be the Commissioner of the Department of Environmental Protection who would help lead the development of the Regional Greenhouse Gas Initiative and later become the EPA Administrator under President Obama leading the development of the Clean Power Plan and the U.S. participation in the Paris Agreement;
- **Governor Malloy** – led the passage of PA 11-80 establishing the Department of Energy and Environmental Protection ("DEEP"), creating the Green Bank, and other policies catalyzing the market for clean energy, as well as Public Acts 18-50[14] and 18-82[15] increasing the state's renewable portfolio standard to 40% by 2030 and establishing a midterm greenhouse gas emissions reduction target of 45% below 2001 levels by 2030, respectively; and
- **Governor Lamont** – his campaign plan for Connecticut[16] seeks to achieve carbon neutrality by 2050 and setting a 100% renewable portfolio standard by 2050 which would help the state realize green jobs in energy efficiency and clean energy (e.g., fuel cells, offshore wind, solar PV, etc.), while reducing energy costs.

The Connecticut General Assembly has worked hand-in-hand with these Governors and the citizens of the state over the years to devise and support public policies that promote clean energy and lead the movement on climate change action.

2.1 Vision

…a ~~world empowered by the renewable energy of community~~planet protected by the love of humanity.

[12] NEG-ECP Resolution 26-4 adopting the "Climate Change Action Plan 2001" (August 2001 in Westbrook, CT)
[13] An Act Concerning Connecticut Global Warming Solutions
[14] An Act Concerning Connecticut's Energy Future
[15] An Act Concerning Climate Change Planning and Resiliency
[16] Ned's Plan for Connecticut – Addressing Climate Change & Expanding Renewable Energy

2.2 Mission

Confront climate change and provide all of society a healthier and more prosperous future by increasing and accelerating the flow of private capital into markets that energize the green economy.[17]

2.3 Goals

To achieve its vision and mission, the Green Bank has established the following three goals:

1. To leverage limited public resources to scale-up and mobilize private capital investment in the green economy of Connecticut.
2. To strengthen Connecticut's communities, especially vulnerable communities,[18] by making the benefits of the green economy inclusive and accessible to all individuals, families, and businesses.
3. To pursue investment strategies that advance market transformation in green investing while supporting the organization's pursuit of financial sustainability.

The vision, mission, and goals support the implementation of Connecticut's clean energy policies be they statutorily required (e.g., CGS 16-245ff on residential solar investment program), planning (e.g., Comprehensive Energy Strategy), or regulatory (e.g., Docket No. 17-12-03 on grid modernization) in nature.

2.4 Definition – Clean Energy

The Green Bank's investment focus is on "clean energy" as defined by CGS Section 16-245n:

- **Clean Energy** – clean energy means solar photovoltaic energy, solar thermal, geothermal energy, wind, ocean thermal energy, wave or tidal energy, fuel cells, landfill gas, hydropower that meets the low-impact standards of the Low-Impact Hydropower Institute, hydrogen production and hydrogen conversion technologies, low emission advanced biomass conversion technologies, alternative fuels, used for electricity generation including ethanol, biodiesel or other fuel produced in Connecticut and derived from agricultural produce, food waste or waste vegetable oil, provided the Commissioner of Energy and Environmental Protection determines that such fuels provide net reductions in greenhouse gas emissions and fossil fuel consumption, usable

[17] Reducing greenhouse gas emissions and confronting climate change is supported by a number of public policies, including, but not limited to PA 17-3, PA 18-82, PA 19-71, Governor Lamont's Executive Orders 1 and 3, Comprehensive Energy Strategy, Governor Malloy's Council on Climate Change, and many other past acts, plans, or policies.

[18] Per Public Act 20-05, "An Act Concerning Emergency Response by Electric Distribution Companies, the Regulation of Other Public Utilities and Nexus Provisions for Certain Disaster-Related or Emergency-Related Work Performed in the State," "vulnerable communities" means populations that may be disproportionately impacted by the effects of climate change, including, but not limited to, low and moderate income communities, environmental justice communities pursuant to section 22a-20a, communities eligible for community reinvestment pursuant to section 36a-30 and the Community Reinvestment Act of 1977, 12 USC 2901 et seq., as amended from time to time, populations with increased risk and limited means to adapt to the effects of climate change, or as further defined by the Department of Energy and Environmental Protection in consultation with community representatives. Inclusion of "vulnerable communities" within the goals of the Green Bank would ensure that it's incentive (e.g., RSIP), financing (e.g., multifamily), and investment (e.g., Green Bank Capital Solutions) programs incorporate it as a priority.

electricity from combined heat and power systems with waste heat recovery systems, thermal storage systems, other energy resources and emerging technologies which have significant potential for commercialization and which do not involve the combustion of coal, petroleum or petroleum products, municipal solid waste or nuclear fission, financing of energy efficiency projects, projects that seek to deploy electric, electric hybrid, natural gas or alternative fuel vehicles and associated infrastructure, any related storage, distribution, manufacturing technologies or facilities and any Class I renewable energy source, as defined in section 16-1.

3. Governance and Organizational Structure

The Green Bank is overseen by a governing Board of Directors comprised of ex officio and appointed members, while the organization of the Green Bank is administered by a professional staff overseeing two business units – Incentive Programs and Financing Programs.

3.1 Governance

Pursuant to Section 16-245n of the CGS, the powers of the Green Bank are vested in and exercised by a Board of Directors[19] that is comprised of eleven voting and one non-voting members each with knowledge and expertise in matters related to the purpose of the organization – see Table 1.[20]

Table 1. Board of Directors of the Connecticut Green Bank

Position	Status	Appointer	Voting
State Treasurer (or designee)	Ex Officio	Ex Officio	Yes
Commissioner of DEEP (or designee)	Ex Officio	Ex Officio	Yes
Commissioner of DECD (or designee)	Ex Officio	Ex Officio	Yes
Residential or Low-Income Group	Appointed	Speaker of the House	Yes
Investment Fund Management	Appointed	Minority Leader of the House	Yes
Environmental Organization	Appointed	President Pro Tempore of the Senate	Yes
Finance or Deployment of Renewable Energy	Appointed	Minority Leader of the Senate	Yes
Finance of Renewable Energy	Appointed	Governor	Yes
Finance of Renewable Energy	Appointed	Governor	Yes
Labor	Appointed	Governor	Yes
R&D or Manufacturing	Appointed	Governor	Yes
President of the Green Bank	Ex Officio	Ex Officio	No

There are four (4) committees of the Board of Directors of the Green Bank, including Audit, Compliance and Governance Committee, Budget, Operations, and Compensation Committee, Deployment Committee, and the Joint Committee of the Energy Efficiency Board ("EEB") and the Green Bank.[21]

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19 https://www.ctgreenbank.com/about-us/governance/board-of-directors/

20 https://www.ctgreenbank.com/about-us/governance/

21 Pursuant to Section 16-245m(d)(2) of the Connecticut General Statutes

To support the Joint Committee of the EEB and the Green Bank, the following is a principal statement to guide its activities:

The EEB and the Green Bank have a shared goal to implement state energy policy throughout all sectors and populations of Connecticut with continuous innovation towards greater leveraging of ratepayer funds and a uniformly positive customer experience.

The Board of Directors of the Green Bank is governed through enabling legislation, as well as by an Ethics Statement and Ethical Conduct Policy, Resolutions of Purposes, Bylaws, Joint Committee Bylaws, and a Comprehensive Plan. All meetings, agendas, and materials of the Green Bank's Board of Directors and its Committees are publicly available on the organization's website.[22,23]

3.2 Organizational Structure

The organizational structure of the Green Bank is comprised of two (2) business units, including:

- **Incentive Programs** – the Governor and the Connecticut General Assembly from time-to-time may decide that there are certain incentive (or grant) programs that they seek to have the Green Bank administer (e.g., CGS 16-245ff). The Green Bank administers such programs with the goal of delivering on the public policy objectives, while at the same time ensuring that funds invested by the Green Bank are cost recoverable. For example, the Green Bank administers the Residential Solar Investment Program ("RSIP") whereby through a declining incentive block structure no more than 350 MW of new residential solar PV systems are deployed, while nurturing the sustained~~,~~ orderly development of a local state-based solar PV industry. Through the public policy creation of a Solar Home Renewable Energy Credit ("SHREC"), the Green Bank is able to recover its costs for administering the RSIP by selling such credits to the Electric Distribution Companies ("EDCs") through a Master Purchase Agreement ("MPA") to support their compliance under ~~the~~ Connecticut Class I Renewable Portfolio Standard ("RPS"). Costs recovered from such mechanisms are expected to cover the incentive, administrative expenses, and financing expenses of the Incentive Programs business unit.
- **Financing Programs** – the Green Bank's core business is financing clean energy projects. The Green Bank's focus is to leverage limited public funds to attract and mobilize multiples of private capital investment to finance these ~~clean energy~~ projects. In other words, the use of resources by the Green Bank are to be invested with the expectation of principal and interest being paid back over time. For example, the Green Bank administers the Commercial Property Assessed Clean Energy ("C-PACE") program. Through C-PACE, the Green Bank provides capital to building owners to make clean energy improvements on their properties that is paid back over time from a benefit

[22] http://www.ctgreenbank.com/about-us/board-member-resources/connecticut-grboard-meetings/
[23] http://www.ctgreenbank.com/about-us/board-member-resources/connecticut-grittee-meetings/

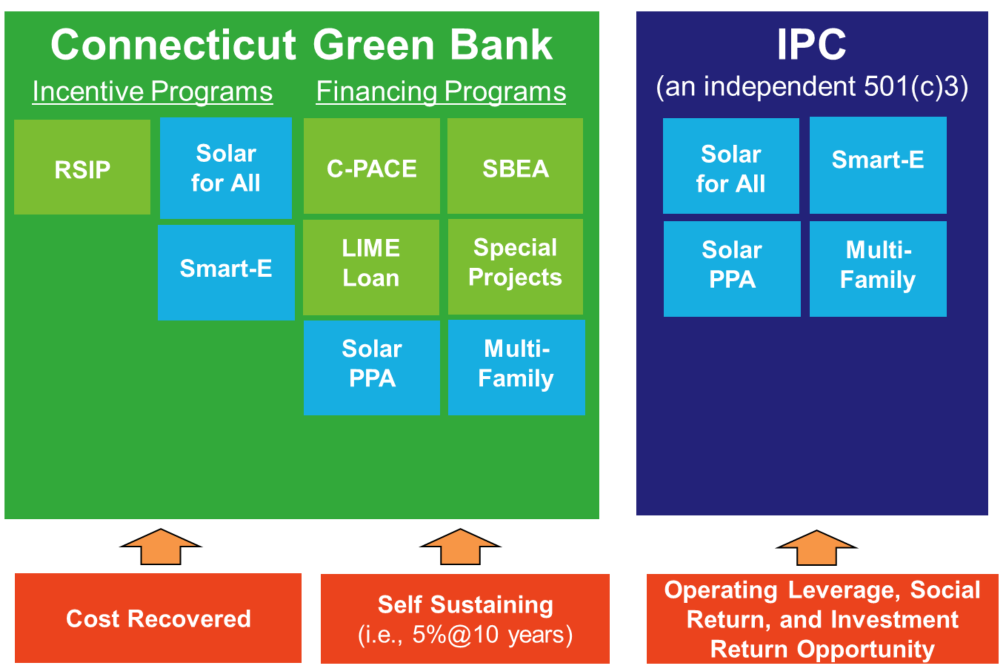
assessment on the building owner's property tax bill. The interest earned from these types of investments, over time, is expected to cover the operational expenses and a return for the Financing Programs business unit.

These two business units – Incentive Programs and Financing Programs – serve the purposes of the Green Bank. To support the business units and their investments, the Green Bank has administrative support from finance, legal, marketing and operations.

An Employee Handbook and Operating Procedures have been approved by the Board of Directors and serve to guide the staff to ensure that it is following proper contracting, financial assistance, and other requirements.

In 2018, the Green Bank, in partnership with DEEP and the Kresge Foundation, formed a nonprofit organization called Inclusive Prosperity Capital ("IPC"). The mission of IPC is to attract mission-oriented investors in underserved clean energy market segments (e.g., low-to-moderate income single and multifamily properties) of the green economy. Although not an affiliate, nor a component unit of the Green Bank, IPC serves an important role supporting the goals of Connecticut public policy by administering programs on behalf of the Green Bank.   For an overview of the organizational structure of the Green Bank, and its partnership with IPC – see Figure 1.

Figure 1. Organizational Structure of the Green Bank with Support from Inclusive Prosperity Capital



4.   Incentive Programs

The Green Bank manages incentive programs. That is to say that it oversees grant or subsidy program(s) (including credit enhancements – interest rate buydowns and loan loss reserves) ~~that~~ used to deploy clean energy, while at the same time cost recovering the expenses associated with those programs within the business unit – including, but not limited to, incentives, administrative expenses, and financing expenses, as well as loan loss reserves on the balance sheet.

Per CGS 16-245ff, updated by Public Act 19-35[24], the Green Bank administers the RSIP that includes a declining incentive block structure to deploy no more than 350 megawatts of new residential solar PV systems on or before December 31, 2022, while ~~ensuring~~ promoting the sustained~~,~~ orderly development of a local state-based solar PV industry. The RSIP also requires that participating households undergo a Home Energy Solutions assessment, or equivalent audit. It should be noted that the Green Bank has also strategically sought to ensure that ~~low-to-moderate income~~ households in vulnerable communities (e.g., low-and-moderate income households) have equal access to residential solar PV~~ than non-low-to-moderate income households~~.[25] Through the Solar for All program, the Green Bank and its partners are enabling ~~low-to-moderate income~~ households to reach "solar parity" such that the proportion of solar PV installed on low-~~to~~and-moderate income households is no less than non-low-~~to~~and-moderate income households.

As of ~~June 1~~December 31, 2020, ~~326~~349 megawatts of residential solar PV systems have been approved through RSIP, supporting ~~40,821~~ 43,553projects across the state and ~~nearly~~ over $1.~~24~~ 33 billion of investment.[26] Of these approved projects, 321 MW have been completed – or over 90 percent of the statutory target.

To support the Green Bank's implementation of the RSIP, the EDCs are required to purchase the SHRECs to assist them in their compliance with the RPS. The SHREC price is established by the Green Bank to recover its costs for administering the RSIP through a 15-year MPA with the EDCs. The cash flow from the sale of current and future SHRECs produced by these systems can be sold as a "green bond"[27] to generate cash flow upfront to support the cost recovery of the program – see Figure 2.

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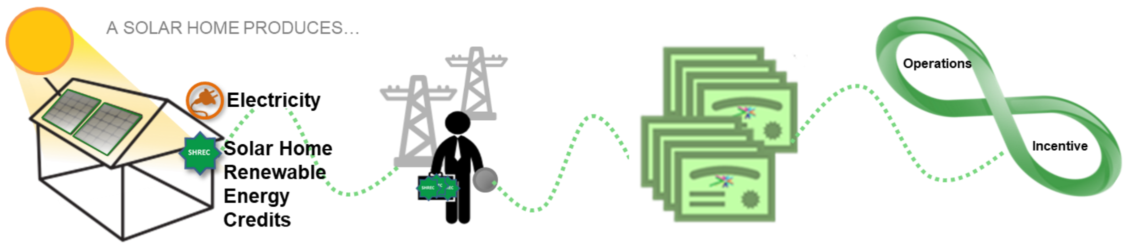
[24] An Act Concerning a Green Economy and Environmental Protection

[25] Sharing Solar Benefits – Reaching Households in Underserved Communities of Color in Connecticut by the Connecticut Green Bank (May 2019) – click here.

[26] Prior to the RSIP, through incentives provided by the Connecticut Clean Energy Fund, the predecessor of the Green Bank, there are another 2,018 residential solar PV projects totaling 13.4 MW.

[27] https://www.ctgreenbank.com/cgb-enters-green-bond-market/

Figure 2. Incentive Program – Overview of the RSIP and the SHREC



When panels produce electricity for a home, they will also produce **Solar Home Renewable Energy Credits (SHRECs)**. The Green Bank provides upfront incentives through RSIP and collects all the SHRECs produced per statute.

Utilities required to enter into **15-year contracts with the Green Bank to purchase the stream of SHRECs produced**. This helps utilities comply with their clean energy goals (i.e., Class I RPS).

Green bonds are created from the 15-year SHREC revenues and **sold to institutional investors**

The Green Bank would then use the revenues from the 15-year fixed price contracts and green bonds to support the RSIP incentives (i.e., PBI and EPBB), cover admin costs, and financing costs (i.e., **business model that covers cost of the program**)

It should be noted that in FY 2020 and continuing into FY 2021, the COVID-19 public health crisis destabilized the local residential solar industry. As a result, in order to ensure that the Green Bank is "fostering the sustained orderly development of a local solar industry," the Board of Directors of the Green Bank approved an extension of the RSIP (i.e., RSIP-E) by 32 MW to (1) ensure that 350 MW of residential solar PV is completed, and (2) provide additional incentive capacity to stabilize the industry as it manages through COVID-19 and the transition from net metering to a tariff.[28]

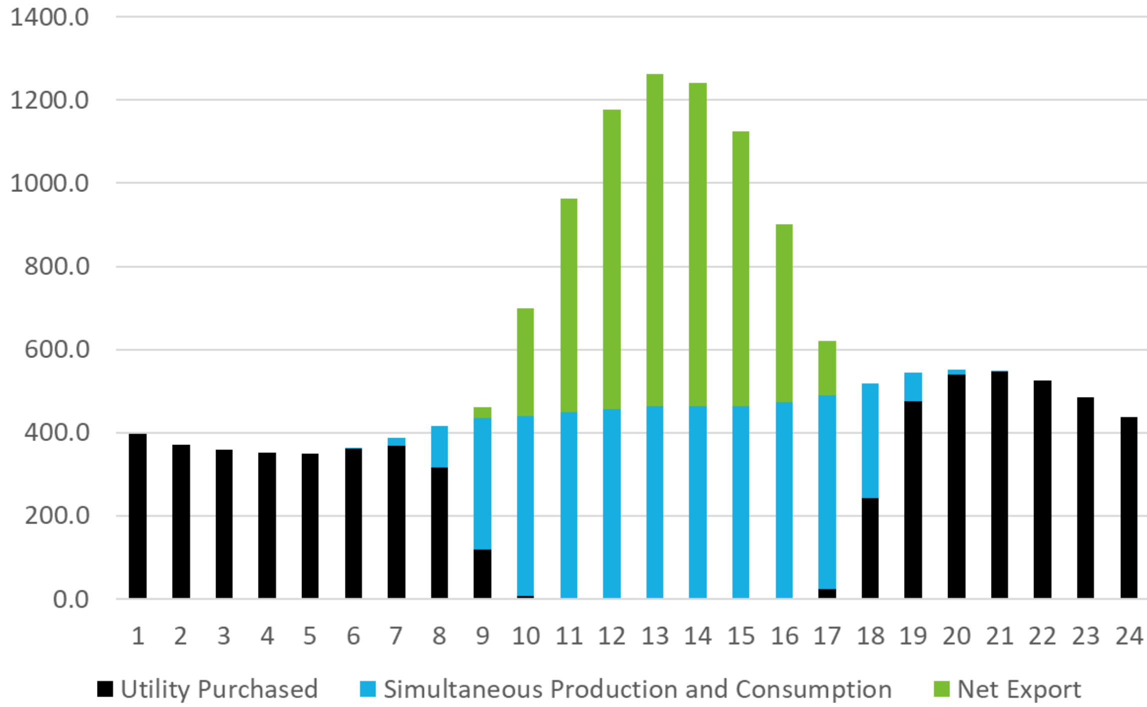
The Green Bank, through its partner C-Power, aggregates and registers residential solar PV systems in ISO-NE's On-Peak Hours Resource Program for which it receives Forward Capacity Market payments.[29]

In general, over the course of a year, a typical residential solar PV system produces, and the household simultaneously consumes, about fifty percent of the production from the system – meaning that about fifty percent of the system's production is being exported to the grid (and generally used subsequently by the household under the existing net metering policy) – see Figure 3.

[28] https://www.ctgreenbank.com/about-us/governance/connecticut-grboard-meetings/2020-2/ - see September 23, 2020 materials for details.

[29] https:///www.iso-ne.com/markets-operations/markets/forward-capacity-market

Figure 3. Average Residential Consumption (i.e., kWh) and Solar PV Production Over the Course of a Year by Hour of the Day



In order to store the system's production that would have been exported to the grid for the purposes of later using it for (1) back-up power that would benefit the household, and/or (2) reducing demand, specifically peak demand, that would benefit all ratepayers, in FY 2019, the Green Bank submitted an application into the Electric Efficiency Partners Program (EEPP) (i.e., Docket No. 18-12-35) demonstrating the "cost effectiveness" of residential solar PV in combination with battery storage.[30] In FY 2021, the Green Bank submitted its "Solarize Storage" proposal ~~will also be submitting~~ into the Public Utility Regulatory Authority's ("PURA") Equitable Modern Grid process (i.e., Docket No. 17-12-03(RE03),[31] an incentive program with a focus on combined residential solar PV and battery storage that maximizes participant benefits while sharing those benefits with ratepayers and society. In collaboration with DEEP and the EDCs through the Joint Committee,[32] efforts are being made to enable residential solar PV in combination with battery storage to deliver greater benefits to participating households as well as all ratepayers on the electric grid – through a combination upfront incentive in support of passive demand response through the Green Bank in conjunction with a performance-based incentive in support of active demand response through the electric distribution company administration of the Conservation and Load Management Plan. The Green Bank is now working with the EDCs to support PURA's issuance of straw electric program design.

[30] Section 94 of Public Act 07-242

[31] https://www.ctgreenbank.com/wp-content/uploads/2020/08/PURA-Docket-No.-17-12-03RE03-–-Solarize-Storage-Proposal-from-the-Green-Bank.pdf

[32] Pursuant to Section 16-245m(d)(2) of the Connecticut General Statutes

The EnergizeCT Smart-E Loan_in partnership with local community banks and credit unions, provides easy access to affordable capital for homeowners to finance energy, as well as health & safety, improvements on their properties through a partnership between local contractors and financial institutions, IPC, and the Green Bank. As the Green Bank provides credit enhancements to the Smart-E Loan in the form of interest rate buydowns (i.e., subsidy) and loan loss reserves from its balance sheet, it is considered an incentive program since there is no direct financial return (e.g., principal and interest) to the organization like financing programs.

The Green Bank has set targets for its Incentive Programs business unit for FY 2020[33] and FY 2021 in terms of the number of projects, total investment (i.e., public and private), and installed capacity – see Tables 2 and 3.

Table 2. Revised FY 2020 Targets for the Incentive Programs Business Unit

Program / Product	Projects	Total Investment ($MM's)	Installed Capacity (kW)
Residential Solar Investment Program	7,059	$214.2	60,000
Solar for All Program	615	$17.2	4,200
Electric Efficiency Partners Program[34]	0-500	$0.0-$5.5	0-2,000
EnergizeCT Smart-E Loan	540	$7,2	500
Total[35]	**8,099**	**$226.9**	**62,500**

Table 3. ~~Proposed~~ Revised FY 2021 Targets for the Incentive Programs Business Unit

Program / Product	Projects	Total Investment ($MM's)	Installed Capacity (kW)	Ann. GHG Emissions Avoided (TCO2)
Residential Solar Investment Program	~~2,824-4,706~~3,177-4,706	$~~85.9~~96.7-$143.2	~~24~~27,000-40,000	~~15,107~~16,995-25,178
Solar for All Program	177-~~304~~416	$4.3-$~~7.4~~10.1	1,200-2,7~~0~~00	724-1,~~246~~700
Equitable Modern Grid[36]	0-1~~4~~00	$0.0-$~~3.5~~0.9	0-~~2,000~~500	-
EnergizeCT Smart-E Loan	270-7~~5~~40	$3.6-$~~7.1~~9.8	~~0.3-0.6~~300-1,000	1,972-3,911~~37~~

[33] Revised by the Board of Directors on January 24, 2020

[34] The Connecticut Green Bank has submitted a Technology Application (i.e., Docket No. 18-12-35) into PURA through the Electric Efficiency Partners Program in support of a residential battery storage incentive program that would retrofit existing residential solar PV systems installed through the RSIP. Beyond existing solar PV systems that could be retrofit with battery storage, RSIP Step 15 proposes a combined residential solar PV and battery storage upfront incentive for new installations that demonstrates significant "cost effectiveness" of distributed energy systems. Meeting this target was contingent upon PURA's determination in Docket No. 18-12-35. There was not yet a determination by PURA in the docket, and therefore the revision.

[35] The total does not count Solar for All projects separately because all Solar for All projects are also RSIP projects and therefore already counted.

[36] The Connecticut Green Bank will be submitting a proposal into Docket No. 17-12-03(RE03) – Electric Storage. Should the Request for Proposed Designs ("RFPD") be accepted by PURA, then the Green Bank would anticipate administering an upfront electric storage incentive program beginning January 1, 2021.

Program / Product	Projects	Total Investment ($MM's)	Installed Capacity (kW)	Ann. GHG Emissions Avoided (TCO2)
Total[37]	**~~3,094~~3,447- ~~5,646~~5,581**	**$~~89.5~~100.3- $153.08**	**~~25,200~~27,300- ~~44,000~~41,500**	**~~16,877-~~ ~~28,712~~19,691-30,789**

Starting in FY 2021, the Green Bank has added annual GHG emissions avoided (see Table 3) and investment in vulnerable communities (see bullet below) as ~~a~~ targets for its Incentive Programs.

- By 2025, no less than 40 percent of investment and benefits (e.g., jobs) from Incentive Programs is directed to vulnerable communities.

It should be noted that there are two factors impacting the FY 2021 targets for the RSIP – COVID-19 impacts on market demand and achieving the 350 MW target[38] – and therefore, the low and high range for the targets.

As a result of successfully achieving these targets, the Green Bank will reduce the energy burden on Connecticut families (including low-to-moderate income households and communities of color, as well as ratepayers by reducing demand, specifically peak demand, through the use of solar PV and battery storage), create jobs in our communities, raise tax revenues for the State of Connecticut, and reduce air pollution causing local public health problems and contributing to global climate change.

5. Financing Programs

The Green Bank manages financing programs. That is to say that it oversees financing programs that provide capital upfront to deploy clean energy, while at the same time returning principal and interest over time from the financing of projects, products, or programs to ensure the financial sustainability of the business unit.

The Green Bank has a number of clean energy financing products, including:

- **Commercial Property Assessed Clean Energy ("C-PACE")**[39] – enables building owners to pay for clean energy improvements over time through a voluntary benefit assessment on their property tax bills. This process makes it easier for building owners to secure low-interest capital for up to 25 years to fund energy improvements and is structured so that energy savings more than offset the benefit assessment.

[37] The total does not count Solar for All projects separately because all Solar for All projects are also RSIP projects and therefore already counted.
[38] Given the devastating impacts of COVID-19 on the local solar industry, the Connecticut Green Bank Board of Directors~~is proposing~~ approved an extension to the RSIP (see Footnote 28). ~~should there be a special session in 2020 that takes-up priorities from the Energy & Technology Committee – see April 24, 2020 Board of Directors meeting.~~
[39] CGS 16a-40g

- **Green Bank Solar PPA** – third-party ownership structure to deploy solar PV systems for commercial scale end-use customers (e.g., businesses, nonprofits, municipal and state governments, etc.) that uses a multi-year Power Purchase Agreement ("PPA") to finance projects while reducing energy costs for the host customer.
- **Small Business Energy Advantage ("SBEA")** – Eversource Energy administered on-bill commercial energy efficiency loan program for small businesses, in partnership with low-cost capital provided by Amalgamated Bank with a credit enhancements from the Green Bank (i.e., subordinated debt) and the Connecticut Energy Efficiency Fund (i.e., loan loss guaranty and interest rate buydown).
- **Multifamily Products** – defined as buildings with 5 or more units, the Green Bank provides a suite of financing options through IPC and Capital for Change (a Community Development Financial Institution or "CDFI") that support property owners to assess, design, fund, and monitor high impact clean energy and health & safety improvements for their properties.
- **Special Projects** – as opportunities present themselves, the Green Bank from time-to-time invests as part of a capital structure in various projects (e.g., fuel cell, hydropower, food waste to energy, state "Lead by Example" energy service agreements~~LBE ESA~~, etc.). These projects are selected based on the opportunity to expand the organization's experience with specific technologies, advance economic development in a specific locale, or to drive adoption of clean energy that would otherwise not occur, while also earning a rate of return.

The Green Bank has set targets for its Financing Programs business unit for FY 2020[40] and FY 2021 in terms of the number of projects, total investment (i.e., public and private), and installed capacity – see Tables 4 and 5.

Table 4. Revised FY 2020 Targets for the Financing Programs Business Unit

Program / Product	Projects	Total Investment ($MM's)	Installed Capacity (kW)
Commercial PACE	56	$25.0	7,000
Green Bank Solar PPA	33	$28.0	12,600
Small Business Energy Advantage[41]	1,000	$20.0	-
Multifamily Predevelopment Loan	2	$0.1	-
Multifamily Term Loan	8	$1.3	200
Multifamily Catalyst Loan	2	$0.1	-
Strategic Investments	2	$7.5	-
Total	**1,718**	**$99.2**	**24,000**

[40] Revised by the Board of Directors on January 24, 2020

[41] In partnership with Eversource Energy and Amalgamated Bank, the Connecticut Green Bank provides capital in support of the utility-administered Small Business Energy Advantage program to provide 0% on-bill financing up to 4-years for energy efficiency projects.

Table 5. ~~Proposed~~ Revised FY 2021 Targets for the Financing Programs Business Unit

Program / Product	Projects	Total Investment ($MM's)	Installed Capacity (kW)	Ann. GHG Emissions Avoided (TCO2)
Commercial PACE	33-48	$15.2-$23.3	5,300-7,100	1,452-1,641
Green Bank Solar PPA	30-58	$4.0-$6.8	6,200-~~11,700~~15,400	~~3,940~~3,400-~~7,402~~9,668
Small Business Energy Advantage	1,203	$20.4	-	-
Multifamily Predevelopment Loan	1	$0.1	-	-
Multifamily Term Loan	2	$0.2	0.1	68
Multifamily Health & Safety	1	$0.1	-	-
EV Offset Program	-	-	-	17,770
Strategic Investments	3	$7.8	-	-
Total	**1,267-1,~~309~~273**	**$46.1-$~~74.5~~69.2**	**10,900-~~18,100~~20,700**	**~~22,684~~6,800-~~26,272~~13,100**

Starting in FY 2021, the Green Bank has added annual GHG emissions avoided (see Table 5) and investment in vulnerable communities (see bullet below) as ~~a~~ targets for its Financing Programs.

- By 2025, no less than 40 percent of investment and benefits (e.g., jobs) from Financing Programs is directed to vulnerable communities.

Given the uncertain impacts of COVID-19, there are low and high range targets proposed.

The capital provided by the Green Bank, which is a portion of the total investment, is expected to yield a return commensurate with the financial sustainability objectives of the organization and business unit.

As a result of successfully achieving these targets, the Green Bank will contribute to its financial sustainability, while also reducing the energy burden on Connecticut families and businesses, create jobs in our communities, raise tax revenues for the State of Connecticut, and reduce air pollution that cause local public health problems and global climate change.

6. Impact Investment

The Green Bank pursues investment strategies that advance market transformation in green investing while supporting the organization's pursuit of financial sustainability. With the mission to confront climate change and provide all of society a healthier and more prosperous future by increasing and accelerating the flow of private capital into markets that energize the green economy, the Green Bank leverages limited public resources to scale-up and mobilize private capital investment in the green economy of Connecticut.

6.1 State Funds

The Green Bank receives public capital from a number of ratepayer and state sources that it leverages to scale-up and mobilize private capital investment in the green economy of Connecticut.

System Benefit Charge – Clean Energy Fund

As its primary source of public capital, the Green Bank through CGS 16-245n(b) receives a 1 mill per kilowatt-hour surcharge called the Clean Energy Fund ("CEF") from ratepayers of Eversource Energy and Avangrid. The CEF has been in existence since Connecticut deregulated its electric industry in the late 1990's.[42] On average, households contribute between $7-$10 a year for the CEF, which the Green Bank leverages to attract multiples of private capital investment in the green economy of Connecticut.[43]

Regional Greenhouse Gas Emission Allowance Proceeds

As a secondary source of public capital, the Green Bank receives a portion (i.e., 23%) of Connecticut's Regional Greenhouse Gas Initiative ("RGGI") allowance proceeds through the Regulation of Connecticut State Agencies Section 22a-174(f)(6)(B). The Green Bank invests RGGI proceeds from the nation's first cap-and-trade program to finance clean energy improvements (i.e., renewable energy projects).

6.2 Federal Funds

The Green Bank receives public capital through a number of past, current, and future sources[44] of federal funds as well that it leverages to scale-up and mobilize private capital investment in the green economy of Connecticut.

American Recovery and Reinvestment Act

Through the American Recovery and Reinvestment Act ("ARRA") the CCEF received $20 million for its programs and initiatives. After nearly $12 million of those funds were invested as grants, the Green Bank invested the remaining $8.2 million in financing programs. With nearly $2 million of ARRA funds left,[45] the Green Bank invested over $6.4 million of ARRA funds to attract and mobilize more than $110 million of public and private investment in residential clean energy financing programs.

United States Department of Agriculture

The Green Bank ~~is seeking to apply~~has applied to the United States Department of Agriculture ("USDA") to seek access to low-cost and long-term federal loan funds for the deployment of clean energy in rural communities.[46] The USDA has vast lending authority under the Rural

[42] Public Act 98-28 "An Act Concerning Electric Restructuring"

[43] The Clean Energy Fund should not be mistaken with the Conservation Adjustment Mechanism (or the Conservation and Loan Management Fund), which is administered by the EDCs

[44] There have been ongoing public policy proposals at the national level that the Connecticut Green Bank has been a part of to create a US Green Bank. If such a public policy were passed, then the Connecticut Green Bank would have access to significant federal funds to leverage to scale-up and mobilize private capital investment in the green economy of Connecticut.

[45] As of July 1, 2019

[46] "Rural" communities are defined by a population bound and the various limits depend on the program; at the broadest, "rural" may be considered a town that has a population not greater than 50,000 people. Despite its positioning in a mostly-developed corridor, we estimate Connecticut would have 69% of towns eligible at the 20,000-person limit and 89% of towns at the 50,000-person limit.

Electrification Act of 1936, which enables direct loans, project financing and loan guarantees to a variety of borrowers.

6.3 Green Bonds

The future of green bonds is growing~~ in the U.S~~. ~~Thus far in 2019~~Globally, in 2020, countries, companies, and local governments ~~have~~ sold ~~nearly~~ $~~90~~ 305.1 billion (2019: $269.4 billion) of green bonds that fund projects that are good for the environment.[47] In July of 2019, Connecticut Treasurer Shawn Wooden announced that the Clean Water Fund's Green Bond Sale shattered state records. The AAA-rated green bond had a record low interest rate of 2.69% and received retail investor orders topping $240 million in one day! This is the highest level of retail investor orders (i.e., from Separately Managed Accounts (SMA's) or individuals) in the 20-year history of this program – with the balance of the bonds offered to institutional investors generating an additional $128 million in orders. In April 2019, the Green Bank issued $38.6 million in green asset backed securities – its first rated debt issuance and the first ever solar asset-backed security (ABS) transaction by a green bank. The issuance was certified by Kestrel Verifiers and independently assessed by Climate Action Reserve.

Green Banks have an essential role in leveraging limited public funds with private capital to drive investment in the green economy to achieve climate change goals, create jobs in our communities, and reduce the burden of energy costs on our families and businesses. CGS Section 16-245n(d)(1)(C) is the enabling statute that allows the Green Bank to issue revenues bonds to support its purposes. Green Bonds are bonds whose proceeds are used for projects or activities with environmental or climate benefits, most usually climate change mitigation and adaptation.

Connecticut's climate change plan[48] focuses on three mitigation wedges (see Figure 4), including:

- **<u>Decarbonizing Electricity Generation</u>** – representing 23% of Connecticut's economy-wide GHG emissions, electricity generation must be transitioned to zero-carbon renewable energy sources. Strategies include financing for in-state or regional utility-scale renewable energy resources (e.g., community solar, wind, run-of-the-river hydro, food-waste-to-energy, etc.) and financing and incentives for in-state distributed energy resources (e.g., behind the meter solar PV, battery storage, fuel cells, combined heat and power, etc.) that assist with the implementation of the Class I and III Renewable Portfolio Standard, Regional Greenhouse Gas Initiative, and other public policies. To ensure a sustainable downward trajectory to meet the State's 2050 target, electricity generation must be 66% and 84% carbon-free by 2030 and 2050, respectively.
- **<u>Decarbonizing Transportation</u>** – representing over 35% of Connecticut's economy-wide GHG emissions, the transportation sector is the largest source of statewide emissions and must be transitioned to zero- and low-carbon technologies. Strategies for

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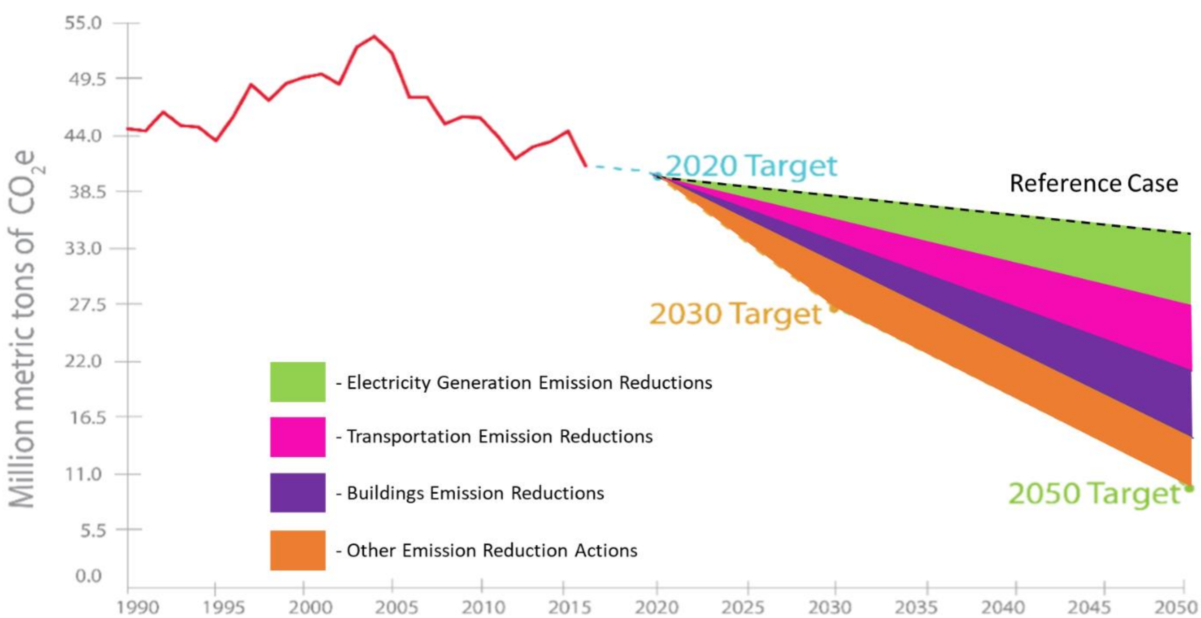
[47] ~~"Green Bonds are Finally Sprouting Up All Over the Globe" by Brian Chappatta of~~ Bloomberg News (James Crombie, January 8, 2021~~June 18, 2019~~)

[48] "Building a Low Carbon Future for Connecticut – Achieving a 45% GHG Reduction by 2030" recommendations from the Governor's Council on Climate Change (December 18, 2018)

zero- and low-carbon transportation include adopting innovative financing models for ZEV deployment (i.e., EVs and FCEVs) and ZEV charging infrastructure, ensuring equitable access to clean transportation options such as electric bus fleets and ride sharing or hailing services. Also important is supporting voluntary (e.g., carbon offset) and regulatory (e.g., Transportation Climate Initiative) markets for cleaner transportation that transitions us away from fossil fuel to renewable energy. More specifically, to meet the 2030 target, 20% of the passenger fleet and 30% of the heavy-duty fleet must be zero emission; and to meet the 2050 target, 95% of the passenger fleet and 80% of the heavy-duty fleet must be zero emission.

- **Decarbonizing Buildings** – representing over 30% of Connecticut's economy-wide GHG emissions, residential, commercial, and industrial buildings are the second largest emitting sector that must transition away from fossil fuels to renewable thermal technology. Strategies for zero-carbon buildings include financing and incentives for energy efficiency (e.g., thermal insulation, appliances, etc.) and renewable heating and cooling (e.g., air source heat pumps, ground source heat pumps, heat pump water heaters, etc.). To meet the economy-wide 2030 and 2050 targets for Buildings, renewable heating and cooling technologies must be significantly deployed to 11% and 26% for residential, and 9% and 20% for commercial, by 2030 and 2050 respectively.

Figure 4. Example of Key GHG Emission Reduction Measures (i.e., Mitigation Wedges) for Connecticut to Achieve Targets



The size of investment required and long-term revenue streams from clean energy, lend themselves well to bond structures. Issuing green bonds can provide the Green Bank a lower-cost, longer-term source of capital, enabling the Green Bank to further leverage state and federal funds to increase its impact in Connecticut by attracting and mobilizing private investment in the state's green economy. The Green Bank has an important role to play in advancing green bonds in the U.S., especially given its history of engaging citizens and communities and its expertise in developing impact methodologies and a thorough and transparent reporting framework.

7. Citizen Engagement

The Green Bank, and its predecessor the Connecticut Clean Energy Fund (CCEF), have a long-standing history of citizen engagement within the communities of Connecticut. In 2002, the CCEF partnered with six private foundations[49] to co-found SmartPower – which launched the 20 percent by 2010 campaign and led the administration of the CCEF's EPA award-winning Connecticut Clean Energy Communities Program.[50] Then in 2013, the Green Bank launched a series of Solarize campaigns in communities across the state in partnership with SmartPower and the Yale Center for Business and the Environment,[51] while also advancing the SunShot Initiative of the U.S. Department of Energy (DOE) in partnership with the Clean Energy States Alliance through projects that reduce soft-costs for solar PV (i.e., customer acquisition, permitting, and financing) and provide better access to solar PV for low-to-moderate income households.

Engaging citizens has been in the DNA of the Green Bank since its inception.

7.1 Green Bonds US® Campaign

From the air we breathe to the products we consume; the world's population is inescapably connected. And while that may present challenges in the context of global climate change, it also affords incredible opportunities for collaboration and progress.

Whether through markets or within communities, the Connecticut Green Bank is bringing people together and strengthening the bonds we share with one another. As its name suggests, the "Green Bonds US" campaign, seeks to promote a simple but critically important message; green brings us together, green bonds us. The multimedia, brand awareness and green-bond promotional campaign will promote the benefits of green energy, as well as a brand-new green energy investment opportunity provided by the Green Bank.

~~Mini Bonds~~Green Liberty Bonds

Despite the rising demand for green energy in the state, barriers still exist that may prevent more people from participating in Connecticut's growing green economy. For example, a homeowner who, despite having a strong desire to "go solar", is not able to because of factors like price, siting, or other issues. To allow more people to benefit from, and invest in, green energy, the Green Bank is offering another way. For the first time in its history, the Green Bank will issue "mini" green-bonds (e.g., small denomination bonds, certificate of deposits, and/or other fixed income investments) called Green Liberty Bonds, for sale to institutions and retail

[49] Emily Hall Tremaine Foundation, The John Merck Fund, Pew Charitable Trust, The Oak Foundation, Rockefeller Brothers Fund, and Surdna Foundation

[50] "Climate Policy and Voluntary Initiatives: An Evaluation of the Connecticut Clean Energy Communities Program," by Matthew Kotchen for the National Bureau of Economic Research (Working Paper 16117).

[51] "Solarize Your Community: An Evidence-Based Guide for Accelerating the Adoption of Residential Solar" by the Yale Center for Business and the Environment.

investors (i.e., separately managed accounts "SMAs" and individuals). Launching as a pilot program, ~~the mini-bonds~~Green Liberty Bonds represent another step forward on the path to inclusive prosperity.

In March and December of 2020, the Green Bank's bonds were awarded for innovation and green bond structure by Environmental Finance and The Bond Buyer, respectively.

For more information on Green Liberty Bonds, visit www.greenlibertybonds.com

Market Research

To gauge the public's interest and assess market demand for mini-green-bonds, the Green Bank performed primary and secondary research such as an online survey, interviews with industry professionals, as well as internal review of recent market data and investment reports.

In June of 2019, the Green Bank engaged GreatBlue Research to conduct primary research throughout Connecticut, measuring the market potential for "mini-bonds". A digital survey was sent to two target audiences: 1.) households that have installed solar PV through the RSIP and 2.) the general population (i.e., households that haven't participated in a Green Bank program). When asked "what types of green projects would you support through your private investments," the survey participants had the following responses:

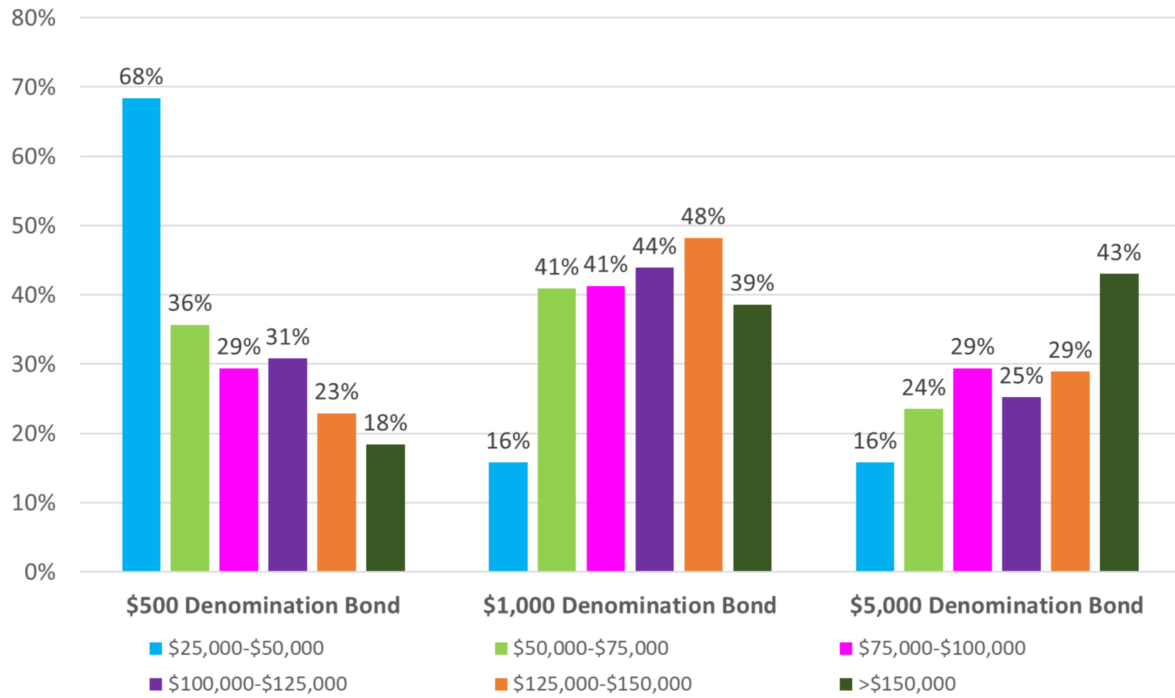
- Recycling and waste reduction – 69.5%
- Clean water – 67.3%
- Roof-top solar – 64.5%
- High efficiency heating and cooling systems – 58.8%
- Home energy efficiency projects – 56.7%
- Land conservation – 49.3%
- Energy efficiency appliance rebates – 45.6%
- Electric vehicles – 41.2%

The Green Bank and GreatBlue research also highlighted that the income of the investor, alongside the denomination of the bond, represents an opportunity for increasing equitable access to greater investment in the environment – see Figure 5.

After taking into account the results of our state-wide primary research, current national trends and conversations with various industry experts, there is sufficient data to suggest that the green bond market for individual investors in Connecticut may be quite large. As a result, the Green Bank intends to issue mini-green-bonds, with proceeds going to support the development of green energy projects within Connecticut.

For more information on the Green Bonds US campaign, visit www.greenbondsus.com

Figure 5. Comparison of Interest in Bond Denomination Value by Income of Survey Respondents



7.2 Sustainable CT

Sustainable CT and the Green Bank are developing an engagement and investment platform to raise capital in support of local projects that provide individuals, families, and businesses with investment opportunities to make an impact on sustainability in their communities. The partnership between Sustainable CT and the Green Bank is focused on the following key priorities:

- Driving investment in projects in our communities, with a goal to accelerate over time;
- Community-level engagement, from project origination through financing, that is inclusive, diverse, and "knitted";
- Creating a structure that harnesses all types of capital for impact – from donations to investment;
- Developing a business model that covers the cost of the program; and
- Creating a measurable impact, both qualitative and quantitative.

Through a partnership between Sustainable CT and ~~IOBY (In Our Backyard),~~Patronicity, an online crowdfunding platform will enable citizen leaders to have access to financial resources that they need for local sustainability projects.

For more information on Sustainable CT, visit www.sustainablect.com

8. Evaluation Framework and Impact Methodologies

The Green Bank's evaluation efforts seek to understand how the increase in investment and deployment of clean energy supported through the Green Bank, result in benefits to society. To that end, the Green Bank has devised an Evaluation Framework and impact methodologies for various societal benefits.

8.1 Evaluation Framework

The Green Bank has established an Evaluation Framework to guide the assessment, monitoring and reporting of the program impacts and processes, including, but not limited to energy savings and clean energy production and the resulting societal impacts or benefits arising from clean energy investment.[52] This framework focuses primarily on assessing the market transformation the Green Bank is enabling, including:

- **Supply of Capital** – including affordable interest rates, longer term maturity options, improved underwriting standards, etc.
- **Consumer Demand** – increasing the number of projects, increasing the comprehensiveness of projects, etc.
- **Financing Performance Data and Risk Profile** – making data publicly available to reduce perceived technology risks by current or potential private investors.
- **Societal Impact** – the benefits society receives from more investment and deployment of clean energy.

With the goal of pursuing investment strategies that advance market transformation in green investing, the Green Bank's evaluation framework provides the foundation for determining the impact it is supporting in Connecticut and beyond across the four (4) "E's" (i.e., E^4) – including Economy, Environment, Energy, and Equity.

8.2 Green Bond Framework

The Green Bank's Green Bond Framework ("Framework")[53] provides a structure in which the Green Bank can more efficiently and effectively support its efforts to raise capital and deploy more clean energy through the issuance of green bonds.

Connecticut has been at the forefront of state-level efforts to combat the threat of global climate change. In order to increase investment to meet the 10x goals identified by the United Nations as the level needed to hold off the worst effects of climate change, the Green Bank will use its statutory authority (i.e., CGS 16-245kk) to issue bonds, including Green Bonds. These are key to sourcing capital for clean energy projects and providing a way for all residents, businesses, and institutions of Connecticut to invest in growing our green economy.

[52] https://ctgreenbank.com/wp-content/uploads/2017/02/CTGreenBank-Evaluation-Framework-July-2016.pdf
[53] https://ctgreenbank.com/wp-content/uploads/2020/04/CGB_Green-Bond-Framework_final-4-22-2020.pdf

The Framework sets out how the Green Bank proposes to use its Master Trust Indenture ("MTI") in a manner consistent with its purpose and provide the transparency and disclosures investors require to make investment decisions through green bonds. This Framework is specifically intended for the MTI approved and adopted April 22, 2020, which establishes the purposes for which the Green Bank may issue green bonds or other public debt. The Framework is established in accordance with the Climate Bonds Initiative ("CBI") Standard and adheres to the Green Bond Principles issued by the International Capital Market Association.

8.3 Impact Methodologies

To support the implementation of the Evaluation Framework, the Green Bank, working with various public sector organizations, has developed methodologies that estimate the impact from the investment, installation and operation of clean energy projects, including:

- **Jobs** – working in consultation with the Connecticut Department of Economic and Community Development ("DECD"), through the work of Navigant Consulting, the Green Bank devised a methodology that takes investment in clean energy to reasonably estimate the direct, indirect, and induced job-years resulting from clean energy deployment.[54]
- **Tax Revenues** – working in consultation with the Connecticut Department of Revenue Services ("DRS"), through the work of Navigant Consulting, the Green Bank devised a methodology that takes investment in clean energy to reasonably estimate the individual income, corporate, and sales tax revenues from clean energy deployment.[55]
- **Environmental Protection** – working in consultation with the United States Environmental Protection Agency ("EPA") and DEEP, the Green Bank devised a methodology that takes the reduction in consumption of energy and increase in the production of clean energy to reasonably estimate the air emission reductions (i.e., CO_2, NO_x, SO_2, and $PM_{2.5}$) resulting from clean energy deployment.[56]
- **Public Health Improvement** – working in consultation with the EPA, DEEP, and the Connecticut Department of Public Health ("DPH"), the Green Bank devised a methodology that takes air emission reductions to reasonably estimate the public health benefits (e.g., reduced hospitalizations, reduced sick days, etc.) and associated savings to society resulting from clean energy deployment.[57]

Each year, the Green Bank develops additional methodologies that value the impact the Green Bank is helping create in Connecticut and all of society. For more information on the Green Bank's impact methodologies, visit the Impact page of the website.[58] In FY 2020 and FY 2021, the Green Bank is developing its Equity and Energy ~~Burden~~ impact methodologies to accompany its Economy and Environmental methodologies.

[54] https://www.ctgreenbank.com/wp-content/uploads/2018/03/CGB_DECD_Jobs-Study_Fact-Sheet.pdf
[55] https://www.ctgreenbank.com/wp-content/uploads/2018/09/CGB-Eval-Tax-Methodology-7-24-18.pdf
[56] https://www.ctgreenbank.com/wp-content/uploads/2018/01/CGB-Eval-IMPACT-091917-Bv2.pdf
[57] https://www.ctgreenbank.com/wp-content/uploads/2018/03/CGB-Eval-PUBLICHEALTH-1-25-18-new.pdf
[58] http://www.ctgreenbank.com/strategy-impact/impact/

The Green Bank's efforts to increase investment in and deployment of clean energy projects – which result in increased benefits to Connecticut and all of society – can also be looked at through the lens of the United Nation's Sustainable Development Goals ("UNSDG's").[59] The UNSDG's include, but are not limited to – reducing poverty, improving health and well-being, making clean energy affordable, increasing economic development, reducing inequalities, supporting sustainable communities, and confronting climate change – areas where the Green Bank is measuring (or will measure) the impacts of its investments.

9. Reporting and Transparency

The Green Bank has extensive reporting on its financial management and societal impact through various mechanisms. As an administrator of ratepayer (i.e., Clean Energy Fund) and taxpayer (e.g., Regional Greenhouse Gas Initiative) resources, the Green Bank believes that complete transparency is important to ensure the public's continued trust in serving its purpose.

9.1 Comprehensive Annual Financial Report (CAFR)

A Comprehensive Annual Financial Report ("CAFR") is a set of government financing statements that includes the financial report of a state, municipal or other government entity that complies with the accounting requirements promulgated by the Governmental Accounting Standards Board ("GASB"). GASB provides standards for the content of a CAFR in its annually updated publication *Codification of Governmental Accounting and Financial Reporting Standards*. A CAFR is compiled by a public agency's accounting staff and audited by an external American Institute of Certified Public Accountants ("AICPA") certified accounting firm utilizing GASB requirements. It is composed of three sections – Introductory, Financial, and Statistical. The independent audit of the CAFR is not intended to include an assessment of the financial health of participating governments, but rather to ensure that users of their financial statements have the information they need to make those assessments themselves.[60]

To date, the Green Bank has issued five CAFR's, including:

- Fiscal Year Ended June 30, 2014 (Certificate of Achievement)
- Fiscal Year Ended June 30, 2015 (Certificate of Achievement)
- Fiscal Year Ended June 30, 2016 (Certificate of Achievement)
- Fiscal Year Ended June 30, 2017 (Certificate of Achievement)
- Fiscal Year Ended June 30, 2018 (Certificate of Achievement)
- Fiscal Year Ended June 30, 2019 (Certificate of Achievement)
- Fiscal Year Ended June 30, 2020

[59] https://www.un.org/sustainabledevelopment/sustainable-development-goals/

[60] The Government Finance Officers Association (GFOA), founded in 1906, represents public finance officials throughout the United States and Canada. GFOA's mission is to enhance and promote the professional management of governmental financial resources by identifying, developing, and advancing fiscal strategies, policies, and practices for the public benefit. GFOA established the Certificate of Achievement for Excellent in Financial Reporting Program (CAFR Program) in 1945 to encourage and assist state and local governments to go beyond the minimum requirements of generally accepted accounting principles to prepare comprehensive annual financial reports that evidence the spirit of transparency and full disclosure and then to recognize individual governments that succeed in achieving that goal.

As the "gold standard" in government reporting, the CAFR is the mechanism the Green Bank uses to report its fiscal year financial and investment performance – including societal benefits and impacts – to its stakeholders. For each of its five years filing the CAFR with the Government Finance Officers Association the Green Bank has received a Certificate of Achievement for Excellence in Financial Reporting.[61]

9.2 Annual Report

Beyond the CAFR, the annual reports of the Green Bank are compiled by the marketing staff and include consolidated financial statement information and narratives of various program achievements in a condensed format that can be widely distributed.

To date, the Green Bank has issued seven annual reports, including:

- Fiscal Year 2012 Annual Report
- Fiscal Year 2013 Annual Report
- Fiscal Year 2014 Annual Report
- Fiscal Year 2015 Annual Report
- Fiscal Year 2016 Annual Report
- Fiscal Year 2017 Annual Report
- Fiscal Year 2018 Annual Report
- Fiscal Year 2019 Annual Report
- Fiscal Year 2020 Annual Report

9.3 Auditors of Public Account

The office of the Auditors of Public Accounts ("APA") is a legislative agency of the State of Connecticut whose primary mission is to conduct audits of all state agencies, including quasi-public agencies. Included in such audits is an annual Statewide Single Audit of the State of Connecticut to meet federal requirements. The office is under the direction of two state auditors appointed by the state legislature. The APA audited certain operations of the Connecticut Green Bank in fulfillment of its duties under Sections 1-122 and Section 2-90 of the Connecticut General Statutes.

To date, the APA has conducted two audits, including:

- Fiscal Years 2012 and 2013
- Fiscal Years 2014 and 2015

9.4 Open Connecticut and Open Quasi

Open Connecticut centralizes state financial information to make it easier to follow state dollars. In Connecticut quasi-public agencies are required to submit annual reports to the legislature, including a summary of their activities and financial information. In addition to that, the Comptroller's office requested that quasi-public agencies voluntarily provide payroll and checkbook-level vendor payment data for display on Open Connecticut. The Green Bank, which

[61] GAO has yet to designate the FY 2019 CAFR with a Certificate of Achievement

was among the first quasi-public organizations to participate, has voluntarily submitted this information since the inception of Open Connecticut.[62] In June of 2020, the Comptroller launched Open Quasi, which provides payroll and checkbook level data for all quasi-public organizations in Connecticut.

9.5 Stakeholder Communications

The Green Bank holds quarterly stakeholder webinars to update the general public on the progress it is making with respect to its Comprehensive Plan and annual targets.[63] Through these webinars, the Green Bank staff invite questions from the audience. These webinars are announced through the Green Bank's list serve consisting of thousands of stakeholders as well as the events page of its website.[64]

The Green Bank also issues an e-newsletter through its list serve that provides key topics in the news and important information on products, programs and services.[65]

10. Research and Product Development

As the Green Bank implements its Comprehensive Plan, there will be ongoing efforts to develop new market opportunities for future green investments. With the lessons being learned and best practices being discovered in the green economy, the Green Bank's ability to deliver more societal benefits requires understanding potential opportunities and the development of pilot programs and initiatives to increase impact, including, for example:

- **Shared Clean Energy Facilities** – to support decarbonizing the electricity infrastructure climate change wedge, while reducing the burden of energy costs on Connecticut's families and businesses, the Green Bank will seek to apply its experience administering the RSIP to supporting and investing in shared clean energy facilities (or community solar projects) with a focus on low-to-moderate income families;
- **Energy Burden from Transportation** – as Operation Fuel has done an exceptional job quantifying the energy burden for electricity use and heating of homes, understanding the energy burden from transportation (i.e., gasoline to alternative fuel vehicles) will help the Green Bank and others (e.g., Department of Housing, Connecticut Housing and Finance Authority, Partnership for Strong Communities, DEEP, etc.) understand its role in addressing the decarbonization of transportation emissions climate change wedge; and
- **Environmental Infrastructure** – if there were an expansion of scope for the Green Bank beyond "clean energy," the Green Bank could apply the green bank model to mobilize private investment in "environmental infrastructure".[66] Working with DEEP and

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[62] https://openquasi.ct.gov/
[63] https://www.ctgreenbank.com/news-events/webinars/
[64] https://www.ctgreenbank.com/news-events/events-calendar/
[65] https://www.ctgreenbank.com/newsletters/
[66] Proposed Senate Bill 927 in the 2019 Legislative Session

other state agencies, local governments, nonprofit organizations, academic institutions, and businesses, the Green Bank could, for example, identify new areas for increased investment in climate change adaptation and resiliency through the issuance of green bonds.[67]

The Green Bank's research product development efforts are intended to open-up new market channels for private investment in Connecticut's green economy through studies, pilot projects, and other initiatives that have the potential for expanding the impact of the Green Bank.

11. Budget

11.1 FY 2020 Budget

For the details on the FY 2020 budget– click here.

For details on the FY 2019 to FY 2020 variance analysis supporting the continuation of the Sustainability Plan – click here.

11.2 FY 2021 Budget

For the details on the FY 2021 budget– click here.

[67] Section 10.3 Sustainability of the Comprehensive Plan of the Connecticut Green Bank for FY 2017 through FY 2019 recognizes that other green banks invest beyond "clean energy" and include "environmental infrastructure".

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