



Deployment Committee

Meeting Date

November 18, 2020



Deployment Committee

Lonnie Reed

Board Chair

Binu Chandy

Deputy Director

DECD

Michael Li

Connecticut Department of Energy and
Environmental Protection (DEEP)

**Shawn Wooden – Designee, Steven
Meier**

Treasurer

State of Connecticut

Matthew Ranelli

Partner

Shipman & Goodwin

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



November 12, 2020

Dear Connecticut Green Bank Deployment Committee:

We have a regular meeting of the Deployment Committee scheduled on Wednesday, November 18, 2020 from 2:00-3:00 p.m.

Please take note that this will be an online meeting only! Given the need to continue to maintain “social distancing” in the face of COVID-19, we are holding this meeting online only.

On the agenda we have the following items:

- **Consent Agenda** – approval of the meeting minutes for May 27, 2020, as well as an update on staff approved transactions that are less than \$500,000 and no more in aggregate than \$1,000,000, as well as an update on staff approved transaction restructurings and write-offs that are no less than \$100,000 and no more in aggregate than \$500,000.
- **Financing Programs** – revising the C-PACE project for Mystic Aquarium to include an additional 100 kW solar PV project.
- **Incentive Programs** – an update on the progress we are making to sell the RECs from the recently Board-approved extension into Steps 16 and 17.

If you have any questions, comments or concerns, please feel free to contact me at any time. Looking forward to being with you all online next week.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bryan Garcia", with a long horizontal flourish extending to the right.

Bryan Garcia
President and CEO



AGENDA

Deployment Committee of the
Connecticut Green Bank
845 Brook Street
Rocky Hill, CT 06067

Wednesday, November 18, 2020
2:00-3:00 p.m.

Dial (224) 501-3412
Access Code: 874-613-973

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

1. Call to order
2. Public Comments – 5 minutes
3. Consent Agenda – 5 minutes
4. Financing Program Recommendations and Updates – 15 minutes
 - a. Mystic Aquarium C-PACE Project (Revision)
5. Incentive Program Recommendations and Updates – 15 minutes
 - a. RSIP-E Step 16 and 17 Update
6. Adjourn

Join the meeting online at <https://global.gotomeeting.com/join/874613973>

Or call in using your telephone:
Dial (224) 501-3412
Access Code: 874-613-973

***Next Regular Meeting: Wednesday, February 24, 2021 from 2:00-3:00 p.m.
Colonel Albert Pope Board Room at the
Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT***



RESOLUTIONS

Deployment Committee of the
Connecticut Green Bank
845 Brook Street
Rocky Hill, CT 06067

Wednesday, November 18, 2020
2:00-3:00 p.m.

Dial (224) 501-3412
Access Code: 874-613-973

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

1. Call to order
2. Public Comments – 5 minutes
3. Consent Agenda – 5 minutes

Resolution #1

Motion to approve the meeting minutes of the Deployment Committee for May 27, 2020.

4. Financing Program Recommendations and Updates – 15 minutes
 - a. Mystic Aquarium C-PACE Project (Revision)

Resolution #2

WHEREAS, pursuant to Section 157 of Public Act No. 12-2 of the June 12, 2012 Special Session of the Connecticut General Assembly and as amended (the “Act”), the Connecticut Green Bank (Green Bank) is directed to, amongst other things, establish a commercial sustainable energy program for Connecticut, known as Commercial Property Assessed Clean Energy (“C-PACE”);

WHEREAS, the Green Bank Board of Directors (the “Board”) has approved a \$40,000,000 C-PACE construction and term loan program;

WHEREAS, the Green Bank Deployment Committee in September of 2019 approved a **\$1,285,872** construction and term loan under the C-PACE program to Sea Research Foundation, Inc., the building owner of 55 Coogan Blvd, Mystic, Connecticut, to finance the

construction of specified clean energy measures in line with the State's Comprehensive Energy Strategy and the Green Bank's Strategic Plan; and

WHEREAS, the Green Bank Board of Directors in October of 2020 reauthorized the C-PACE financing for a **\$1,259,862** construction and term loan under the C-PACE program at a concessional rate to Sea Research Foundation, Inc., the building owner of 55 Coogan Blvd, Mystic, Connecticut (the "Loan"), to finance the construction of specified clean energy measures in line with the State's Comprehensive Energy Strategy and the Green Bank's Strategic Plan as more fully explained in a memorandum submitted to the Board dated October 16, 2020 (the "Memorandum"); and

WHEREAS, the Aquarium seeks to include additional solar PV which would increase the C-PACE financing to **\$1,458,419**.

NOW, therefore be it:

RESOLVED, that the President of the Green Bank and any other duly authorized officer of the Green Bank is authorized to execute and deliver the Loan in an amount not to be greater than one hundred ten percent of the Loan amount with terms and conditions consistent with the Memorandum, and as he or she shall deem to be in the interests of the Green Bank and the ratepayers no later than 180 days from the date of authorization by the Board of Directors;

RESOLVED, that before executing the Loan, the President of the Green Bank and any other duly authorized officer of the Green Bank shall receive confirmation that the C-PACE transaction meets the statutory obligations of the Act, including but not limited to the savings to investment ratio and lender consent requirements; and

RESOLVED, that the proper the Green Bank officers are authorized and empowered to do all other acts and execute and deliver all other documents and instruments as they shall deem necessary and desirable to effect the above-mentioned legal instruments.

5. Incentive Program Recommendations and Updates – 15 minutes
 - a. RSIP-E Step 16 and 17 Update
6. Adjourn

Join the meeting online at <https://global.gotomeeting.com/join/874613973>

Or call in using your telephone:
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***Next Regular Meeting: Wednesday, February 24, 2021 from 2:00-3:00 p.m.
Colonel Albert Pope Board Room at the
Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT***

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 SM

Deployment Committee Meeting

November 18, 2020

Deployment Committee

Agenda Item #1

Call to Order

Deployment Committee

Agenda Item #2

Public Comments

Deployment Committee

Agenda Item #3

Consent Agenda

Consent Agenda

Resolution 1



1. **Meeting Minutes** – approval of meeting minutes of May 27, 2020
 - **Funding Requests Under \$500,000 and No More in Aggregate than \$1,000,000** – report out on 1 staff approved C-PACE transaction totaling \$98,841
 - **Loan Losses Below \$100,000 and No More in Aggregate than \$500,000** – report out on 1 staff approved restructuring totaling \$6,900

Deployment Committee

Agenda Item #4

Financing Programs Recommendation

C-PACE Transaction (Mystic)

Mystic Aquarium

55 Coogan Blvd, Stonington



- At November 2020 meeting, CGB Board of Directors approved \$1,259,862 in C-PACE financing with an interest rate of 3%.
- Shortly thereafter, the Mystic Aquarium requested to add another solar PV system to the scope of the C-PACE financing.
- This would increase the C-PACE financing from \$1,259,862 to \$1,458,419
- The additional 100kw of solar PV improves the SIR from 1.52 to 1.86

Mystic Aquarium

Resolutions



RESOLVED, that the President of the Green Bank and any other duly authorized officer of the Green Bank is authorized to execute and deliver the Loan in an amount not to be greater than one hundred ten percent of the Loan amount with terms and conditions consistent with the Memorandum , and as he or she shall deem to be in the interests of the Green Bank and the ratepayers no later than 180 days from the date of authorization by the Board of Directors;

RESOLVED, that before executing the Loan, the President of the Green Bank and any other duly authorized officer of the Green Bank shall receive confirmation that the C-PACE transaction meets the statutory obligations of the Act, including but not limited to the savings to investment ratio and lender consent requirements; and

RESOLVED, that the proper the Green Bank officers are authorized and empowered to do all other acts and execute and deliver all other documents and instruments as they shall deem necessary and desirable to effect the above-mentioned legal instruments.

Deployment Committee

Agenda Item #5

Incentive Programs Update

RSIP Extension – REC-E's

RSIP Extension – REC-Es



Background

Board of Directors approval on September 23, 2020 of an RSIP Extension for an additional 32 MW of approved projects (RSIP-E):

- 10 MW of RSIP Approvals beyond 350 MW – to account for the historical fifteen (15) to twenty (20) percent cancellations for approved projects, and to meet the public policy target of 350 MW of deployed projects; and
- An additional 22 MW of approvals beyond 360 MW in order to stabilize the local solar industry from the impacts of COVID-19 without a near-term legislative fix.

On October 15, 2020 PURA issued Motion Ruling in support of Green Bank’s Motion to continue aggregation of residential end-use customers

RSIP Extension – REC-Es



Cost Recovery Alternatives Considered

- Long-Term Transaction with Electric Distribution Companies (EDCs): Eversource and UI
- Short-Term Transaction with Load Serving Entity or Broker

	LSE #1		LSE #2	
	Fixed Price	UC Price	Fixed Price	UC Price
2022	\$35.00	\$34.00	\$36.00	\$36.00
2023	\$33.50	\$32.50	\$33.15	\$33.15
2024	\$31.00	\$30.00	\$29.25	\$29.25

Green Bank target is \$20 average REC price over 15 years to cost-recover RSIP-E incentives to stabilize local solar industry from the economywide impacts of COVID-19

RSIP Extension – REC-Es



Estimated RECs Available For Trade

	Estimated REC-Es ⁽¹⁾	Estimated Non-SHREC RECs ⁽²⁾	Estimated Total RECs Available
2022	8,000	2,000	10,000
2023	15,500	18,000	33,500
2024	16,500	16,000	32,500
			76,000

We estimate having more than 75,000 RECs available

RSIP Extension – REC-Es



Deal Structure

- **Firm/Fixed basis** means that seller is required to deliver the number of RECs agreed upon in the purchase and sale agreement. Failure to do so will result in penalties for the seller.
- **Unit Contingent (UI) basis** means that the buyer agrees to take however many RECs are created (up to a specified maximum quantity) at the agreed upon price on a given date(s) in the future.

Available for trade	Fixed	Unit Contingent	Remaining RECs
10,000	5,000	5,000	-
30,000	15,000	15,000	3,500
30,000	15,000	15,000	2,500
70,000			6,000

Available for trade	Fixed	Unit Contingent	Remaining RECs
10,000	-	10,000	-
30,000	-	30,000	3,500
30,000	-	30,000	2,500
70,000			6,000

RSIP Extension – REC-Es



Quote Comparison – Transaction with LSE#2 Pending

- Financial value of both quotes are very similar
- Unit Contingent (UC) deal structure de-risks our REC portfolio
- Counterparty Creditworthiness is a key variable in our decision – Green Bank is appreciative that UI brought this to our attention

				LSE #1			LSE #2			
	Fixed ⁽¹⁾	UC ⁽²⁾	Total RECs	Fixed Price	UC Price	Total Value	Fixed Price	UC Price	Total Value	
2022	-	10,000	10,000	\$35.00	\$34.00	\$340,000	\$36.00	\$36.00	\$360,000	
2023	-	30,000	30,000	\$33.50	\$32.50	\$975,000	\$33.15	\$33.15	\$994,500	
2024	-	30,000	30,000	\$31.00	\$30.00	\$900,000	\$29.25	\$29.25	\$877,500	
						\$2,215,000				\$2,232,000

- Green Bank and LSE #2 currently engaged in contract discussions, and expect to transact within 10 days.

Deployment Committee

Agenda Item #5
Adjourn



**DEPLOYMENT COMMITTEE OF THE
CONNECTICUT GREEN BANK**
Regular Meeting Minutes

Wednesday, May 27, 2020
2:00 – 2:30 p.m.

A regular meeting of the Deployment Committee of the **Connecticut Green Bank (the “Green Bank”)** was held on May 27, 2020.

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

Committee Members Present: Binu Chandry (DECD), , Michael Li (DEEP), Steven Meier, Matt Ranelli and Lonnie Reed

Staff Attending: Mackey Dykes, Brian Farnen, Bryan Garcia, Bert Hunter, Jane Murphy, Selya Price, Cheryl Samuels, Ariel Schneider, Eric Shrago, Nicholas Zuba

Others present: Brendan Crowley

The Committee agreed to let Bryan Garcia act as Chairperson given Mary Sotos’s absence.

1. Call to Order

- Bryan Garcia called the meeting to order at 2:03 pm.

2. Public Comments

- No public comments.

3. Consent Agenda

Resolution #1

Motion to approve the minutes of the Deployment Committee meeting for February 27, 2020.

Upon a motion made by Matt Ranelli and seconded by Lonnie Reed, the Deployment Committee voted to approve Resolution 1. None opposed or abstained. Motion unanimously approved.

Subject to Changes and Deletions

4. Proposed Loan Loss Decision Framework and Process - Subsidiaries

- Bryan Garcia summarized the history of the Loan Loss Decision Framework including its establishment and recent changes. He reviewed the framework for the Loan Loss Decision Framework in application to Subsidiaries. The framework is based on the current practice of the Green Bank with respect to all requirements such as calculations, documentation, review and approval, reporting, and COVID-19 restructurings.
 - Matt Ranelli commented that it should be clear under restructuring for COVID-19, there is still a Staff reporting to the Board regularly about the restructurings. Bryan Garcia agreed that that is the case. Matt Ranelli also wanted it to be clear that the restructuring doesn't affect the principal, but just the terms for the loans, all which will be reasonable in time. Bert Hunter agreed and clarified that it is forbearance, not forgiveness. Commercial loans will be adjusted with a time-value adjustment so the whole value remains intact. Residential/consumer loans or leases will be adjusted by the convention of lenders generally for COVID-19 which is to allow forbearance for up to 3 monthly payments, and extend the contract with the customer for up to 3 months – all being in writing and handled by the loan or lease servicer.
 - Bryan Garcia added that he would alter the Board memo to include COVID-19 reporting for the Board.

Resolution #2

WHEREAS, on October 20, 2017, the Green Bank Board of Directors approved of a recommendation brought forth by both the ACG Committee and Deployment Committee to approve the authorization to amend the Staff Approval Policy to increase program funding requests for Projects Under \$300,000 to \$500,000 with an aggregate amount limit of \$1,000,000 from the date of the last Deployment Committee meeting; and

WHEREAS, based on a recommendation brought forth by both the Deployment and ACG Committees, the Board approved and authorized the Green Bank staff to implement the Loan Loss Decision Framework and Process for managing assets requiring restructuring or write-off from the Green Bank's balance sheet and consistent with the memorandum to the Board dated June 13, 2018 ("Loan Loss Decision Framework and Process") and for a similar framework to be developed at a future date for the Green Bank's special purpose vehicles (i.e., subsidiaries); and

WHEREAS, in response to the COVID-19 pandemic, the staff of the Green Bank proposed a modification to the Loan Loss Decision Framework and Process with regards to restructuring transactions, as well as the Green Bank's provision for loan losses, in order to help families and businesses manage through this public health crisis, which the Board approved on April 24, 2020.

WHEREAS, on May 19, 2020, the Audit, Compliance and Governance Committee recommended that the Board of Directors approve of the Staff proposed Loan Loss Decision Framework and Process for Subsidiaries for managing assets requiring restructuring or write-off from the Green Bank's balance sheet and consistent with the memorandum presented to the Deployment Committee dated May 20, 2020.

NOW, therefore be it:

Subject to Changes and Deletions

RESOLVED, that the Deployment Committee recommends that the Board of Directors approve of the Staff proposed Loan Loss Decision Framework and Process for Subsidiaries for managing assets requiring restructuring or write-off from the Green Bank's balance sheet and consistent with the memorandum dated May 20, 2020.

Upon a motion made by Matt Ranelli and seconded by Binu Chandry, the Deployment Committee voted to approve Resolution 2. None opposed or abstained. Motion approved unanimously.

5. Financing Programs

a. Overview of Solar MAP

- Mackey Dykes gave an overview of the Solar MAP program, which was built to help municipalities go solar using the Green Bank Power Purchase Agreements (PPA). MAP is short for Municipal Assistance Program. The Green Bank realized that Municipalities needed more assistance to be able to even get to the point with a project where they could consider financing. Through the Solar MAP program, the Green Bank will be providing support to simplify steps in the process to gaining renewable green energy. An RFP was done and CSW Energy was selected to help perform the technical work to develop the projects. Currently, 9 towns have been engaged in the program. Six others were prior to COVID-19, but of the 9 currently, 5 have already executed LOIs. These 9 towns' efforts total 30 projects and a total of 5.340 megawatts.
- Mackey Dykes continued to say that the hope is that by pooling projects the towns will be able to increase their savings and get better pricing than if they hadn't, which will be attractive to other towns in the future.
 - Matt Ranelli asked if CSW Energy was acting as an owner's representative to the towns. Mackey Dykes said CSW Energy is not the owner's representative and is working on behalf of CGB. Matt Ranelli also asked how the rest of the industry feels about this program. He expressed concern about the perceived competition. Mackey Dykes said this arrangement should be beneficial as some contractors would not have had an opportunity to bid on these projects otherwise, and for those municipalities that can complete a project with private funding and a private developer, the program wouldn't be considered anyway. Matt Ranelli agreed.
 - Lonnie Reed asked if a AAA bond rating is required for engagement with the towns. Mackey Dykes said it is reassuring but it is not a requirement, though it is obviously reassuring to the Finance team. Bert Hunter agreed.
 - Matt Ranelli commented that there may be an opportunity on other potential projects for energy savings while these projects are being developed. Mackey Dykes agreed that an energy audit would likely be beneficial. Matt Ranelli noted that taking a wholistic view from the start is often appreciated with schools, for example, based on his experience.

6. Adjourn

Upon a motion made by Lonnie Reed and seconded by Matt Ranelli, the Deployment Committee Meeting adjourned at 2:38 pm.

Respectfully submitted,

Subject to Changes and Deletions

Bryan Garcia, acting Chairperson

DRAFT



Memo

To: Board of Directors of the Connecticut Green Bank – Deployment Committee of the Connecticut Green Bank

From: Bryan Garcia (President and CEO)

Date: November 18, 2020

Re: Approval of Funding Requests below \$500,000 and No More in Aggregate than \$1,000,000 – Update

At the October 20, 2017 Board of Directors (BOD) meeting of the Connecticut Green Bank (“Green Bank”) it was resolved that the BOD approves the authorization of Green Bank staff to evaluate and approve funding requests less than \$500,000 which are pursuant to an established formal approval process requiring the signature of a Green Bank officer, consistent with the Comprehensive Plan, approved within Green Bank’s fiscal budget and in an aggregate amount not to exceed \$1,000,000 from the date of the last Deployment Committee meeting. This memo provides an update on funding requests below \$500,000 that were evaluated and approved. During this period, 1 project was evaluated and approved for funding in an aggregate amount of approximately \$98,841. If members of the Deployment Committee would be interested in the internal documentation of the review and approval process Green Bank staff and officers go through, then please request it.

22 West Lane: A C-PACE Project in Ridgefield, CT

Address	22 West Lane, Ridgefield, CT	
Owner	West Lane Holdings, LLC	
Proposed Assessment	\$98,841	
Term (years)	10	
Term Remaining (months)	Pending construction completion	
Annual Interest Rate	5.50%	
Annual C-PACE Assessment	\$12,982	
Savings-to-Investment Ratio	1.002	
Average DSCR	[REDACTED]	
Lien-to-Value	[REDACTED]	
Loan-to-Value	[REDACTED]	
Projected Energy Savings (mmBTU)	First year	429
	Over 15 Year EUL	6,281
Estimated Cost Savings (incl. ZRECs and tax benefits)	First year	\$7,263
	Over 15 Year EUL	\$130,050
Objective Function	13.56 kBtu / ratepayer dollar at risk	
Location	Ridgefield	
Type of Building	Inn/Bed and Breakfast	
Year of Build	1850	
Building Size (sf)	7,181	
Year Acquired by Owner	2019	
As-Is Appraised Value¹	[REDACTED]	
Mortgage Outstanding	[REDACTED]	
Mortgage Lender Consent	[REDACTED]	
Proposed Project Description	Install energy efficient variable refrigerant flow heat pump	
Est. Date of Construction Completion	Pending closing	
Current Status	Awaiting Staff Approval	
Energy Contractor	[REDACTED]	

[REDACTED]



Memo

To: Board of Directors of the Connecticut Green Bank – Deployment Committee of the Connecticut Green Bank

From: Bryan Garcia (President and CEO)

Date: November 18, 2020

Re: Approval of Restructure/Write-Offs Requests below \$100,000 and No More in Aggregate than \$500,000 – Update

At the June 13, 2018 Board of Directors (BOD) meeting of the Connecticut Green Bank (“Green Bank”) it was resolved that the BOD approves the authorization of Green Bank staff to evaluate and approve loan loss restructurings or write-offs for transactions less than \$100,000 which are pursuant to an established formal approval process in an aggregate amount not to exceed \$500,000 from the date of the last Deployment Committee meeting. At the April 24, 2020 BOD meeting of the Green Bank, it was resolved that the BOD approves the authorization of Green Bank staff to evaluate and approve a semi-annual (or two quarterly periods) repayment modification of various transaction types in light of the COVID-19 pandemic.¹ And at the June 26, 2020 BOD meeting of the Green Bank, it was resolved that the BOD approves of the framework applying to subsidiaries of the Green Bank.

During this period, 1 project was evaluated and approved for payment restructure in an aggregate amount of approximately \$6,900. If members of the board or committee would be interested in the internal documentation of the review and approval process Green Bank staff and officers go through, then please request it.

Project Name: OIC of New London County, Inc. - Truman Street, New London, CT 06320

Repayment Amount: \$6,900

Comprehensive Plan: CPACE COVID-19 Restructure

Description

Please see Attachment A for the original underwriting memo for 106 Truman Street owned and managed Opportunities Industrialization Center of New London, Inc. (“OIC”). The project at 106 Truman Street was completed on in May 2015, funded by a \$124,998 CPACE loan

¹ The Board also approved accommodation for one year for C-PACE transactions in certain towns where C-PACE assessments are collected annually.

with a 14-year term and 5.4% (not inclusive of capitalized interest). The Borrower has made all schedule C-PACE payments, and as of the July 1, 2020 tax payment cycle, the outstanding balance on this assessment is \$137,361.61.

106 Truman Street is a multi-tenant office space. The building is currently fully occupied and rent has been collected for all the occupied spaces for the all of Q1 2020. Attached is the rent roll provided in June. The OIC is a non-profit that is fully funded through grants and fundraisers. They fell behind on their January payment and had been planning on a fundraiser in the spring to pay for their current and some future CPACE payments, however COVID did not allow for this fundraiser to happen.

As a result, the Borrower has requested to defer the July 2020 payment, sculpt the next four repayments to \$5,000 and extend the term for three years.

The modification is slightly NPV positive (\$4,417.41) as the increased interest income more than offsets the time value of funds assuming a 3% discount rate.

Memo

To: Connecticut Green Bank Deployment Committee

From: Mackey Dykes, VP of Financing Programs

CC: Bryan Garcia, President and CEO; Bert Hunter, EVP and CIO; Brian Farnen, General Counsel and CLO

Date: November 12, 2020

Re: C-PACE Project at 55 Coogan Blvd, Mystic CT

Summary

In October of 2020, the CT Green Bank Board of Directors (“the Board”) reauthorized C-PACE financing for the property at 55 Coogan Blvd, Mystic, CT, better known as the Mystic Aquarium (“the Aquarium”). The Deployment Committee had previously approved C-PACE financing for the Aquarium in September of 2019. The reauthorization was necessary because the 2019 approval had expired and staff was recommending an interest rate of 3% to match the terms of financing the State of Connecticut was providing the Aquarium in response to COVID-19.

Shortly after the Board approval in October 2020, the Aquarium requested to add another 100kw solar PV system to the scope of the C-PACE financing. This would increase the C-PACE financing from \$1,259,862 to \$1,458,419. A slight, unrelated increase of energy efficiency incentives offsets some of the additional cost of the solar. The additional 100kw of solar PV improves the SIR from 1.52 to 1.86. The updated SIR calculator is included as Attachment A.

Staff recommends approval of the increased financing due to the increased SIR and additional annual cashflow to the customer produced by the increased solar PV.

Resolutions

WHEREAS, pursuant to Section 157 of Public Act No. 12-2 of the June 12, 2012 Special Session of the Connecticut General Assembly and as amended (the “Act”), the Connecticut Green Bank (Green Bank) is directed to, amongst other things, establish a commercial sustainable energy program for Connecticut, known as Commercial Property Assessed Clean Energy (“C-PACE”);

WHEREAS, the Green Bank Board of Directors (the “Board”) has approved a \$40,000,000 C-PACE construction and term loan program;

WHEREAS, the Green Bank Deployment Committee in September of 2019 approved a **\$1,285,872** construction and term loan under the C-PACE program to Sea Research Foundation, Inc., the building owner of 55 Coogan Blvd, Mystic, Connecticut, to finance the construction of specified clean energy measures in line with the State's Comprehensive Energy Strategy and the Green Bank's Strategic Plan; and

WHEREAS, the Green Bank Board of Directors in October of 2020 reauthorized the C-PACE financing for a **\$1,259,862** construction and term loan under the C-PACE program at a concessional rate to Sea Research Foundation, Inc., the building owner of 55 Coogan Blvd, Mystic, Connecticut (the "Loan"), to finance the construction of specified clean energy measures in line with the State's Comprehensive Energy Strategy and the Green Bank's Strategic Plan as more fully explained in a memorandum submitted to the Board dated October 16, 2020 (the "Memorandum"); and

WHEREAS, the Aquarium seeks to include additional solar PV which would increase the C-PACE financing to **\$1,458,419**.

NOW, therefore be it:

RESOLVED, that the President of the Green Bank and any other duly authorized officer of the Green Bank is authorized to execute and deliver the Loan in an amount not to be greater than one hundred ten percent of the Loan amount with terms and conditions consistent with the Memorandum , and as he or she shall deem to be in the interests of the Green Bank and the ratepayers no later than 180 days from the date of authorization by the Board of Directors;

RESOLVED, that before executing the Loan, the President of the Green Bank and any other duly authorized officer of the Green Bank shall receive confirmation that the C-PACE transaction meets the statutory obligations of the Act, including but not limited to the savings to investment ratio and lender consent requirements; and

RESOLVED, that the proper the Green Bank officers are authorized and empowered to do all other acts and execute and deliver all other documents and instruments as they shall deem necessary and desirable to effect the above-mentioned legal instruments.

Submitted by: Bryan Garcia, President and CEO, Bert Hunter, EVP and CIO, Mackey Dykes, Vice President, and Mike Yu, Director of Clean Energy Finance

Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	
Annual Electric Usage - kWh	8,393,039	8,393,039	8,393,039	8,393,039	8,393,039	8,393,039	8,393,039	8,393,039	8,393,039	8,393,039	8,393,039	8,393,039	8,393,039	8,393,039	8,393,039	8,393,039	8,393,039	8,393,039	8,393,039	8,393,039	8,393,039	8,393,039	8,393,039	8,393,039	8,393,039	
Annual EE Electric Energy Savings - kWh	777,656	773,768	769,899	766,049	762,219	758,408	754,616	750,843	747,089	743,353	739,636	735,938	732,259	728,597	724,954	0	0	0	0	0	0	0	0	0	0	0
EE Electric kW Savings	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Annual EE Natural Gas Savings - therms	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Annual EE Other Fuel Savings - therms	5,261	5,235	5,209	5,182	5,157	5,131	5,105	5,080	5,054	5,029	5,004	4,979	4,954	4,929	4,904	0	0	0	0	0	0	0	0	0	0	
Expected Annual Solar Generation kWh	315,906	314,326	312,755	311,191	309,635	308,087	306,546	305,014	303,489	301,971	300,461	298,959	297,464	295,977	294,497	293,025	291,559	290,102	288,651	287,208	285,772	284,343	282,921	281,507	280,099	
Electric Energy Cost - \$/kWh	\$0.11	\$0.12	\$0.12	\$0.12	\$0.13	\$0.13	\$0.14	\$0.14	\$0.14	\$0.15	\$0.15	\$0.16	\$0.16	\$0.17	\$0.17	\$0.18	\$0.18	\$0.19	\$0.19	\$0.20	\$0.21	\$0.21	\$0.22	\$0.22	\$0.23	
Electric Peak Demand Charge - \$/kW	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Natural Gas Cost - \$/therm	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Other Fuel Cost - \$/therm	\$1.16	\$1.19	\$1.23	\$1.26	\$1.30	\$1.34	\$1.38	\$1.42	\$1.46	\$1.51	\$1.55	\$1.60	\$1.64	\$1.69	\$1.74	\$1.80	\$1.85	\$1.91	\$1.96	\$2.02	\$2.08	\$2.14	\$2.21	\$2.27	\$2.34	
Wholesale Electric Rate	\$0.05	\$0.05	\$0.05	\$0.05	\$0.05	\$0.05	\$0.05	\$0.06	\$0.06	\$0.06	\$0.06	\$0.06	\$0.06	\$0.07	\$0.07	\$0.07	\$0.07	\$0.07	\$0.08	\$0.08	\$0.08	\$0.08	\$0.09	\$0.09	\$0.09	
CASH INFLOWS																										
Solar PV Energy Cost Savings	\$36,013	\$36,905	\$37,818	\$38,754	\$39,713	\$40,696	\$41,703	\$42,736	\$43,793	\$44,877	\$45,988	\$47,126	\$48,293	\$49,488	\$50,713	\$51,968	\$53,254	\$54,572	\$55,923	\$57,307	\$58,725	\$60,179	\$61,668	\$63,195	\$64,759	
EE Cost Savings	\$94,729	\$97,074	\$98,476	\$101,939	\$104,462	\$107,047	\$109,697	\$112,412	\$115,194	\$118,045	\$120,967	\$123,961	\$127,029	\$130,173	\$133,395	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
RECs	\$31,824	\$31,665	\$31,507	\$31,349	\$31,193	\$31,037	\$30,881	\$30,727	\$30,573	\$30,421	\$30,268	\$30,117	\$29,967	\$29,817	\$29,668											
MACRS	\$0																									
ITC	\$0																									
TOTAL CASH INFLOW	\$162,567	\$165,644	\$168,801	\$172,042	\$175,367	\$178,780	\$182,281	\$185,874	\$189,561	\$193,343	\$197,223	\$201,204	\$205,288	\$209,477	\$213,775	\$51,968	\$53,254	\$54,572	\$55,923	\$57,307	\$58,725	\$60,179	\$61,668	\$63,195	\$64,759	
CASH OUTFLOWS																										
PACE Payments	\$121,455	\$121,455	\$121,455	\$121,455	\$121,455	\$121,455	\$121,455	\$121,455	\$121,455	\$121,455	\$121,455	\$121,455	\$121,455	\$121,455	\$121,455	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Solar Lease Payments																										
Solar O&M Costs																										
Inverter Replacement Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total Payments	\$121,455	\$121,455	\$121,455	\$121,455	\$121,455	\$121,455	\$121,455	\$121,455	\$121,455	\$121,455	\$121,455	\$121,455	\$121,455	\$121,455	\$121,455	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Annual Net Cash Flow	\$41,112	\$44,189	\$47,347	\$50,587	\$53,913	\$57,325	\$60,827	\$64,420	\$68,106	\$71,888	\$75,768	\$79,749	\$83,833	\$88,023	\$92,320	\$51,968	\$53,254	\$54,572	\$55,923	\$57,307	\$58,725	\$60,179	\$61,668	\$63,195	\$64,759	
Net Cumulative Cash Flow	\$41,112	\$85,301	\$132,648	\$183,235	\$237,148	\$294,473	\$355,300	\$419,719	\$487,825	\$559,713	\$635,481	\$715,231	\$799,064	\$887,086	\$979,406	\$1,031,374	\$1,084,628	\$1,139,200	\$1,195,123	\$1,252,430	\$1,311,155	\$1,371,334	\$1,433,003	\$1,496,197	\$1,560,956	
Simple Annual SIR	1.338	1.364	1.390	1.417	1.444	1.472	1.501	1.530	1.561	1.592	1.624	1.657	1.690	1.725	1.760	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	
SIR over EUL																										
TOTAL CASH INFLOW		\$3,382,777																								
TOTAL C-PACE INVESTMENT		\$1,821,821																								
SAVINGS-TO-INVESTMENT RATIO (SIR)		1.857																								

<-- Approximate Maximum Possible C-PACE Funding

Memo

To: Board of Directors of the Connecticut Green Bank – Deployment Committee

From: Bryan Garcia (President and CEO), Sergio Carrillo (Director of Incentive Programs), and Selya Price (Senior Advisor to the President and CEO)

Date: November 18, 2020

Re: Residential Solar Investment Program Extension – REC-Es Sales Update

Please see the “Residential Solar Investment Program Extension – Steps 16 and 17 Recommendations” memo provided to the Board of Directors at the October 23, 2020 meeting in Board Effect for background information.

Background

The CT Green Bank’s Residential Solar Incentive Program (RSIP) was expected to reach its statutory target of 350 MW of approved projects by November 2020. In anticipation of this, on September 23rd, CGB staff sought approval from the Board of Directors for an additional 32 MW of approved projects:

- 10 MW of RSIP Approvals beyond 350 MW – to account for the historical fifteen (15) to twenty (20) percent cancellations for approved projects, and to meet the public policy target of 350 MW of deployed projects; and
- An additional 22 MW of approvals beyond 360 MW in order to stabilize the local solar industry from the impacts of COVID-19 without a near-term legislative fix.

The Board approval of residential solar PV incentives for up to 32 MW of additional installed capacity would rely on PURA approval to aggregate RECs for residential solar PV outside of RSIP (which was granted on October 15th), and a new cost recovery mechanism different from SHREC under the RSIP – with an estimated exposure of up to \$8.0 million in incentives.

At the October 23rd Board Meeting, CGB Staff updated the Board with a proposal for the cost recovery of the additional 32 MW of Approved projects, and called the combined additional 32 MW of approved projects the Residential Solar Incentive Program Extension (RSIP-E).

To seek cost recovery of projects approved through RSIP-E, on October 16th, the Green Bank discussed a Right of First refusal with Eversource and UI, and held meetings on October 23rd and October 26th with representatives from these EDCs to discuss the possibility of entering into an agreement for the purchase of Renewable Energy Credits (REC-Es) generated by RSIP-E projects.

Due to having existing RECs to meet their standard service obligation, neither EDC indicated a strong desire to pursue an agreement for the purchase of the REC-Es, especially in the near term. One of the EDCs, however, indicated their willingness to consider a long-term contract in 2-3 years, and suggested that we sell the RECs in the open market in the short term. They provided a useful recommendation on creditworthy Load Serving Entities (LSE) to follow-up with.

Seeking a Creditworthy Counterparty

CGB staff proceeded to offer these REC-Es in the open market by identifying and reaching out to creditworthy counterparties, including LSEs and brokers.

A conservative estimate of the total numbers of REC-Es to be generated in years 2022 through 2024, are shown below:

	Estimated REC-Es ⁽¹⁾	Estimated Non-SHREC RECs ⁽²⁾	Estimated Total RECs Available
2022	8,000	2,000	10,000
2023	15,500	18,000	33,500
2024	16,500	16,000	32,500
			76,000

(1) REC-Es are RECs generated by systems completed within RSIP-E

(2) Non-SHREC RECs are RECs generated by RSIP systems approved prior to Jan 1, 2015 or RECs generated by projects in the legacy On-Site Distributed Generation Program

Between October 28th and November 6th, CGB staff held meetings with representatives from two of the largest and most reputable LSEs in the country.

Quote Comparison

On October 28th and November 4th CGB Staff received quotes from two LSEs for the 70,000 RECs made available for sale.

CGB Staff valued the 2 quotes, and the results are shown below, with the totals reflecting the Unit Contingent (UC) price – the UC option is advantageous because it avoids penalties for non-performance and in the case of LSE #2, did not result in a lower price.

				LSE #1			LSE #2		
	Fixed ⁽¹⁾	UC ⁽²⁾	Total RECs	Fixed Price	UC Price	Total Value	Fixed Price	UC Price	Total Value
2022	-	10,000	10,000	\$35.00	\$34.00	\$340,000	\$36.00	\$36.00	\$360,000
2023	-	30,000	30,000	\$33.50	\$32.50	\$975,000	\$33.15	\$33.15	\$994,500
2024	-	30,000	30,000	\$31.00	\$30.00	\$900,000	\$29.25	\$29.25	\$877,500
						\$2,215,000			\$2,232,000

(1) Fixed basis means that seller is required to deliver the number of RECs agreed upon in the sale and purchase agreement. Failure to do so will result in penalties for the seller.

(2) Unit Contingent (UI) basis means that the buyer agrees to take however many RECs are created (up to a specified maximum quantity) at the agreed upon price on a given date(s) in the future.

CGB Staff performed a risk analysis of the offers, comparing them with the alternative of holding on to the RECs and selling them at the time of maturity. (On a scale from 1 to 5, 1.0 represents the lowest risk and 5.0 represents the highest risk)

Risk Category	Weighting	LSE #1	LSE #2	Brokers	Spot Market
Price Uncertainty	25%	1.0	1.0	1.0	4.0
Volumetric	25%	3.0	1.0	3.0	5.0
Supply	25%	2.0	1.0	3.0	4.0
Counterparty Creditworthiness	25%	2.0	1.0	2.5	1.0
	Score	2.00	1.00	2.38	3.50

The quotes were also evaluated in terms of their alignment with CGB’s REC Asset Management Guidelines.

Alignment with REC Asset Management	LSE #1	LSE #2	Brokers	Spot Market
Limit Transaction Costs				
Lock In Attractive Prices				
Limits Downside Exposure				
Retains Upside Opportunity				
Provides Revenues Certainty				

After careful consideration, CGB Staff recommended to initiate discussions with ‘LSE #2’ for the sale of the RECs.

Next Steps

- (1) We have started review of contracts, and will be meeting with ‘LSE #2’ legal counsel on November 12th.
- (2) CGB will also seek quotes from brokers to ensure we’re pursuing the best alternative.



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