



**Joint Committee of the CT Energy Efficiency Board and the
Connecticut Green Bank Board of Directors
Eversource Energy
107 Selden Street, Berlin, CT
Room 0-22E, East Building
Wednesday, April 19, 2017
1:30-3:30 p.m.**

MINUTES¹

In Attendance

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

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

Others: Craig Diamond, Gentianna Darragjati, Steve Bruno, Kim Stevenson, Anthony Clark, Mackey Dykes, Brian Farnen (by phone), Chris Kramer (by phone), Kerry O'Neill (by phone), Nick Zuba (by phone), Chris Plecs (by phone), Les Tumidaj (by phone), and Donna Wells

1. Call to Order

Diane Duva called the meeting to order at 1:37 p.m.

2. Public Comments

There were no public comments.

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

The approval of the Meeting Minutes for January 18, 2017, was deferred to the next scheduled meeting of the Joint Committee of the Connecticut Energy Efficiency Board and the Connecticut Green Bank Board of Directors.

4. Other Business

a. Energy legislation in CT 2017 Legislative session

Bryan Garcia provided an update on CPACE House Bill 7208. Brian Farnen stated that the CPACE bill is just cleanup and a technical fix.

Bryan Garcia also provided an update on RPACE and Senate Bill 973. Brian Farnen stated that they are playing more of a support role for RPACE. Diane Duva questioned the energy audits. Brian Farnen stated that it's a financing program, covering a wide spectrum. He

¹ Materials for this meeting can be accessed at Box.net:

stated that they encourage audits, but requiring audits would not be appropriate in this case. Kerry O'Neill stated that the RPACE policy is broader than energy efficiency and that they don't believe that an audit requirement belongs in Legislation. Chris Kramer questioned if there is a likelihood that the Bill will pass. Brian Farnen stated that it must go through the Banking Committee next. He stated that it has already gone through Energy and Technology Committee.

Bryan Garcia provided an update on RPS, Senate Bill 630, stating that are continuing to advocate for lowering the rate payer impact cost through the alternative compliance payment.

Bryan Garcia also provided an update on ZREC – LREC, Senate Bill 860. He stated that they are looking to reduce the ceiling price, to communicate to the market the incentives being lowered over time. He also provided an update on Fuel Cells, Governor's Bill 7306. Amanda Fargo-Johnson voiced her concerns about the future of the REC program. Bryan Garcia stated that his feeling is that there is general support for extending the program.

Chris Kramer questioned the amount that is budgeted for Performance Contracting in the Bonding Budget. Diane Duva stated that she feels it will stay in the Budgeting Bill.

b. Governor's Council on Climate Change – Update

Diane Duva provided an update on the Governor's Council on Climate Change. She explained that the Efficiency Fund and their investments have increased over time. She explained that due to the volatility of fuel costs that they need to focus on Thermal Efficiency and using less electricity. She stated that businesses are using less electricity while producing an increasing quantity of goods and services. She stated that they are helping businesses to be more competitive. She stated that they had great success in overall demand, spreading the costs over fewer units. She stated that investment in Energy Efficiency will decrease the overall load. She stated that peak demand varies by sector. She stated that they need to customize solutions differently for each sector.

Bryan Garcia stated that this is probably the first time that the Council has had policy in front of it. He stated that they see this as an opportunity for getting things done on the Efficiency side. He noted that consideration should be given to the Societal Cost Test inclusion of a carbon price determined by the Council.

John Harranty questioned that with Connecticut having the highest electric rates in the country, is the complaint that the per Kilowatt rate is too high, or that the overall bills are too high. Diane Duva stated that it is both.

c. Comprehensive Energy Strategy – Update

Diane Duva provided a high-level overview on the Comprehensive Energy Strategy. She discussed the workshops that have been held. She stated that they are considering additional sessions.

d. Strategic electrification – Update/overview

Bryan Garcia provided an update on Strategic Electrification. He discussed decarbonizing the grid as well as, electric vehicles and renewable heating and cooling. He stated that the Council has been discussing how quickly in 2030 they can enable more zero emitting vehicles and deployment of renewable heating and cooling technologies, to reach the 2050 target. Kim Stevenson stated that the Thermal goals are based on existing loads of the buildings.

Chris Kramer questioned if there are implications in terms of where they can work together. Diane Duva stated that a great example is what they're already working on.

5. Report-Outs from Sector Working Groups: Emerging Opportunities and Issues to Resolve

a. Deep Dive: C&I – Small, Medium, and Large Business (including update on SBEA financing proposal)

Steve Bruno provided an update on Small, Medium, and Large Business sectors. He discussed the goals in the different sectors. He explained that Eversource has been using third party financing for Energy Efficiency projects, freeing up the Utility Capital. He explained that most of the focus has been on the Small Business Community financing.

Donna Wells stated that they have had some successful roundtables with nursing homes.

Regarding the SBEA small business financing, Donna Wells stated that utility companies use a combination of Utility Capital and self-funding from the Energy Efficiency Budget. Anthony Clark discussed the broader goals of the joint effort with the Green Bank to recapitalize the SBEA program. He explained that the key benefits remain the same.

Anthony Clark stated that there had been more than \$300 million in initial responses from the SBEA recapitalization RFP. He stated that at the request of the Utilities, they revisited the RFP respondents asking for proposals that incorporate prefunding of the interest rate buydown and loan loss reserve rather than a guaranteed backstop from CEEF. He explained that the best proposal was again from JP Morgan. He stated that there were a couple of changes. The term, which was previously 3 years changed to 1 year, with an option to renew. Another change was a slight uptick in the cost of the capital, a slight increase in the undrawn fee. With these changes the expected interest cost savings for CEEF during the first three years of the facility are \$3.7 million (adjusted from the \$4.5 million expected from the initial JP Morgan proposal with CEEF backstop). He stated that they have the ability to increase the size of the facility as needed. He stated that for the Loan Loss Reserve, JP Morgan is asking for 10% of the projected loan portfolio. Pat McDonnell stated that the first couple of years will have a budget impact, but will allow them to do a lot more in the future.

Anthony Clark explained that there will be no change in what the Green Bank will do. He explained that they may not want to draw money from JP Morgan until the facility is set up. He stated that the Green Bank can provide some monies during startup. He stated that the Green Bank can provide a cushion in the LLC, regardless of the forecast of how the loans line up, and the Green Bank recently proposed to the utilities that it could provide a portion of the funds for the Loan Loss Reserve Fund. He explained that the Green Bank would be in the second loss position (with the funds from the CEEF in the first loss position). He stated that the money would be provided at a fixed rate of 3.5%. Diane Duva questioned the source of the money. Bert Hunter stated that it is third party funding. Diane Duva questioned if the money being earned is set aside in the Loan Loss Reserve. Bert Hunter stated that the money

earned should be used to offset the administrative fees, but that in any event would be used by the LLC to offset costs.

Chris Kramer questioned why the dedicated rate payer funds that come into the Green Bank cannot be used for the Loan Loss Reserve. Bert Hunter stated that these are funds incremental to programs that already use Green Bank capital, so this is incremental capital the Green Bank would borrow and place in a restricted account like the CEEF funds. And because there is a risk of loss, there is a capital charge, as there is with other funds where Green Bank resources are at risk. Questions arose about other loan loss reserves by the Green Bank and Bert Hunter noted that the Smart-E program has used ARRA funds which were a Federal grant and have no cost of capital. Bryan Garcia expressed that the Connecticut Green Bank doesn't have an unlimited pool of ratepayer capital to invest and that there is an opportunity cost of using its capital.

In the interest of time, Diane Duva suggested that the conversation be continued at the next, regularly scheduled meeting.

b. Brief Report: Residential – Single Family and Multi-Family (including update on 4/18 meeting on multi-family program issues)

Ron Araujo provided a brief update on the Residential Single Family sector. He explained that they are now seeing Capital for Change on the Smart-E platform and flowing through the dashboard.

Kerry O'Neill stated that they are taking all special offer rates down to 0.99%, and that they will come back up in January. She stated that as of now, they know that their bundles are the most popular special offer. She explained that Gas Conversion is the least popular special offer. She explained that they will be looking at what they can do to drive more volume on the Renewable Thermal side.

Ron Araujo provided an update on the Multi-Family sector. He explained that they continue to meet regularly, the Utilities and the Green Bank. They are looking to streamline and align policies. He explained that they had a meeting with the Contractors and the Green Bank. He explained that the EEB Residential Committee held a special meeting to address concerns. He explained that the Green Bank and the Utilities address the concerns and went over the process flow in detail. He stated that they also discussed the available items on the Energize CT website.

c. Brief Report: Government

Diane Duva provided a brief report on Government, stating that they are hoping to see additional capitalization. She stated that there have been good discussions developing on Federal Projects. She stated that they are working on getting financing in place. Bert Hunter stated that financing is available through two routes. He stated that OPM and the Treasurer approved using Green Bank Green Bonds so long as the cost of access to the Green Bond shouldn't exceed the cost that the State could otherwise source via an alternative financing vehicle, which would be GO Bonds or direct placement bonds. He stated that they had approached Bank of America and that the Lease Backed Bonds would be more competitive, but that they require the SCRF. Accordingly the direct placement bonds ended up costing less, but has some uncertainties associated with issuance (like the legislative process, bond commission, etc.) The matter is scheduled for further discussion between DEEP, OPM, the Treasurer's office and the Green Bank soon.

6. Planning for Next Meeting

a. Propose and discuss updates/revisions to Joint Committee goals at July 2017 meeting

Diane Duva stated that they continue discussions in July. She advised that working groups should look at their goals and determine if any revisions need to be made to their goals. Bryan Garcia advised that the working groups should bring any revisions to the goals to the next meeting.

b. Identify additional topics for future 2017 meetings

7. Adjourn

Diane Duva adjourned the meeting at 3:44 p.m.

Respectfully Submitted,

Eric Brown, Chairperson