

**Renewable Energy Investments Board
Minutes - Regular Meeting
Monday, January 25, 2010**

A regular meeting of the **Renewable Energy Investments Board hereinafter referred to as “the Connecticut Clean Energy Fund Board”** (the “Board”) was held on January 25, 2010, at the office of the Connecticut Clean Energy Fund, 200 Corporate Place, Rocky Hill, CT.

1. **Call to Order**: Noting the presence of a quorum, Norma Glover, Chairperson of the Board, called the meeting to order at 12:07 p.m. Board members participating: Tracy Babbidge representing the Commissioner of the Department of Environmental Protection (by phone); Alan Greene; Mary Healey, Office of Consumer Counsel; Kevin Hennessy; Bob Maddox (by phone); John Mengacci representing the Secretary of the Office of Policy and Management; Carol Muradian; Jerry Peters (by phone); Matthew Ranelli (by phone); and Jessie Stratton (by phone).

Board members absent: Mun Young Choi; Scott DeVico, John Olsen; and Patricia Wrice.

Staff and Adjunct Staff Attending: Lise Dondy, Keith Frame, David Goldberg, Dale Hedman, Peter Longo, Shelly Mondo, Cheryl Samuels, Emily Smith, Kim Stevenson, Matthew Stone and Bob Wall.

Others present: Mike Burns from BWB Solutions; Lisa Frantzis from Navigant; Rakesh Radhakrishnan from Navigant (by phone); and Haley Sawyer from Navigant (by phone).

There being no objection, the order of the agenda was changed.

2. **Public Comments**: There were no public comments.

3. **Approval of Minutes**: Ms. Glover asked the Board members to consider the minutes of the December 14, 2009 meeting.

Upon a motion made by Ms. Muradian, seconded by Mr. Mengacci, the Board voted in favor of adopting the minutes from the December 14, 2009 regular meeting as presented (Mr. Greene, Ms. Healey and Mr. Hennessy abstained from the vote, and Ms. Babbidge was not present for the vote).

4. **Strategic Planning Discussion**:

In an effort to begin with the strategic planning process, Ms. Dondy gave a brief overview of the CCEF goals and objectives, highlighting the funding commitments by technology, the capacity by technology and number of projects by technology. Ms. Dondy discussed the actual accomplishments in comparison with the goals set two

years ago. Suggestion was made to include a footnote on the materials provided to the Board clarifying the status of the Project 150 commitments.

Mr. Burns discussed the background of BWB Solutions. He described the process to help develop the CCEF Strategic Plan. Mr. Burns explained that he has been working with CCEF senior staff to obtain input on developing draft goals and strategies for consideration by the Board. The Board reviewed the mission of CCEF, and it was noted that the word "citizens" was changed from "ratepayers" to reflect the broader revenue sources of the funding CCEF receives. Mr. Burns asked the Board to look at the draft goals in comparison with the existing goals and to consider whether they need changes. After finalizing the draft goals and strategies, Mr. Burns mentioned that the next steps would be for staff to develop outcome indicators and measures used to implement the strategies to be presented for board review. Risk mitigation analysis will also be developed for issues that may need mitigation.

The Board reviewed each of the proposed goals six goals together with the proposed strategies for each of the goals, and provided suggested changes.

Discussion ensued on whether it is within CCEF's mission or legislative mandate to promote the adoption of green buildings as suggested in the strategy proposed for goal 3. It was noted that one of the issues being emphasized by the legislature is for collaboration and more partnering between the two sister funds. Furthermore, green buildings provide an emerging market opportunity for greater deployment of renewable energy technologies.

There was a discussion about the suggestion to include a goal to seek legislative changes to review and update the current regulatory framework to help CCEF effectuate the strategies.

Questions arose as to whether public input will be sought on the proposed strategic plan. Ms. Dondy indicated that a pre-strategic planning meeting was held at the capitol seeking public input. She mentioned that major parts of the strategic plan will become the comprehensive plan; and CCEF is required by statute to conduct three public hearings throughout the state on the comprehensive plan. Ms. Healey suggested seeking further input from stakeholders.

5. Finance Report:

FY2010 Budget to Actual Financial Analysis for the Second Quarter

Mr. Bellas summarized the budget to actual financial analysis for the second quarter of 2010. He reviewed the detailed statement of revenues and expenditures. Mr. Bellas mentioned that total revenues were under budget due primarily to the shortfall in utility customer assessments remitted to CCEF. .

Mr. Bellas reviewed the operating expenses, noting that the overall actual expenses are below budget projections. Mr. Bellas noted that when the budget was prepared in May of 2009, an overall fringe benefit rate of 56% was used for budgeting purposes. In July of 2009 the State Comptroller's office published new employer contribution rates for the State employees' retirement plan. This new rate increases CCEF's overall fringe benefit rate by six percentage points to 62%. This new rate will increase the FY10 budgeted amount for fringe benefits by an estimated \$136,000. Mr. Bellas noted that the CCEF Finance Committee voted to recommend to the Board that it approve this increase for fringe benefit expense.

Mr. Bellas reported that the Finance Committee also discussed a proposed adjustment to budgeted legal expenses for FY10. Mr. Bellas stated that the Finance Committee members reviewed in detail the legal fees incurred to date and expected to be incurred for the remainder of FY2010. The Finance Committee members voted to transfer \$75,000 in funding from external relations and advisory fees to the legal expense. Mr. Bellas mentioned that a majority of the legal fees incurred and expected to be incurred for the fiscal year relate to Freedom of Information (FOI) requests and the review of the Joint Operating Procedures ("JOP") as requested by the Department of Public Utility Control for potential amendments. He mentioned that legal counsel has agreed to reduce their rates by 15 percent from their current discounted rates. Mr. Mengacci noted that unfortunately, some of the legal issues are beyond CCEF's control, and it is difficult to predict when legal actions or FOI requests will arise. He mentioned that the Finance Committee reviewed this issue in detail. It was noted that the Finance Committee also directed staff to ask legal counsel to reconsider the current billable arrangements (i.e. have associates with lower billable rates work on more routine matters for CCEF, consider a monthly retainer, etc.) Ms. Dondy explained some of the efforts that will be made to try to reduce legal fees in the future. This issue will be monitored closely by staff.

Upon a motion made by Ms. Muradian, seconded by Ms. Healey, the Committee members voted unanimously in favor of adopting the following resolution regarding an increase in the CCEF FY2010 Budget:

RESOLVED:

That the Board of Directors of the Connecticut Clean Energy Fund ("CCEF") authorizes an increase in the CCEF FY2010 budget by \$136,000 to reflect a 6 percent point increase in the employee fringe benefit rate..

Mr. Bellas explained that funding for the Connecticut Clean Energy Economy Baseline Study prepared by Navigant Consulting, Inc. (“NCI”) was approved in March 2008 by the Board. However, in order for NCI to deliver additional stakeholder presentations to key leaders and decision makers, it is necessary to amend the existing contract with NCI to reflect the additional work required. The cost of the additional work is \$12,736, and the remaining approved allocation available for NCI is \$1,532. Therefore, staff recommends an additional allocation of \$11,204 for the remaining work. The Board questioned whether the scope of the work was included in the original authorization. Ms. Dondy explained that the legislators have requested the presentation, and the presentation was not included in the original scope of the work.

Upon a motion made by Ms. Muradian, seconded by Mr. Hennessy, the Board voted in favor of adopting the following resolution regarding an additional allocation of \$11,204 for the additional NCI work and presentation (Mr. Maddox was not present for the vote).

RESOLVED:

**That the Board of Directors of the Connecticut Clean Energy Fund (“CCEF”) authorizes an additional allocation from Goal 2 – Technology and Economic Development Studies of \$11,204 for Navigant Consulting, Inc. to perform the additional work necessary to make a presentation to the key Connecticut leaders and decision makers as required by the legislators.
Integrated Resources Plan**

Ms. Dondy explained the work being performed by Navigant Consulting, Inc. (“NCI”) related to the Integrate Resources Plan (the “IRP”). In September 2009, the Board approved the retention of a NCI to gather data, provide analysis and expert fact witness on CCEF’s renewable distributed generation programs in Connecticut to be submitted by the Electric Distribution Utilities. Mr. Bellas mentioned that proceeding with the tasks was based on certain milestones being met. Even though there was consensus by the Board to move forward with each of the tasks, he requested that the Board take formal action through resolutions. Ms. Dondy explained each of the resolutions for consideration by the Board.

Upon a motion made by Mr. Mengacci, seconded by Mr. Hennessy, the Board voted unanimously in favor of adopting the following resolution regarding NCI proceeding with Task 2 related to IRP support (Mr. Greene was not present for the vote):

RESOLVED:

That the Board of Directors of the Connecticut Clean Energy Fund (“CCEF”) having previously determined that the retention of an

expert consultant is necessary and in the furtherance of the CCEF Comprehensive Plan and having previously approved Navigant Consulting as that expert consultant, thus authorizes Navigant Consulting, Inc., to proceed to Task 2 of the previously approved three-task plan, Task 2 consisting of conducting a cost/benefit analysis of a Utility-owned program and comparison to an expanded CCEF-administered program at a cost not to exceed \$57,000.

Upon a motion made by Mr. Mengacci, seconded by Mr. Hennessy, the Board voted unanimously in favor of adopting the following resolution regarding NCI proceeding with Task 3 related to IRP Support (Mr. Greene and Mr. Ranelli were not present for the vote):

RESOLVED:

That the Board of Directors of the Connecticut Clean Energy Fund (“CCEF”) having previously determined that the retention of an expert consultant is necessary and in the furtherance of the CCEF Comprehensive Plan and having previously approved Navigant Consulting as that expert consultant, thus authorizes Navigant Consulting, Inc., to proceed to Task 3 of the previously approved three-task plan, Task 3 consisting of summarizing the advantages and disadvantages of an expanded CCEF program administration versus utility administration at a cost not to exceed \$23,000.

Upon a motion made by Mr. Mengacci, seconded by Mr. Hennessy, the Board voted unanimously in favor of adopting the following resolution regarding NCI proceeding with a hearing strategy related to IRP Support (Mr. Greene and Mr. Ranelli were not present for the vote):

RESOLVED:

That the Board of Directors of the Connecticut Clean Energy Fund (“CCEF”) having previously determined that the retention of an expert consultant is necessary and in the furtherance of the CCEF Comprehensive Plan and having previously approved Navigant Consulting as that expert consultant, thus authorizes Navigant Consulting, Inc., to assist the CCEF in developing and recommending a hearing strategy including written comments and hearing testimony for the CCEF On-Site Distributed Generation and Residential Installed Capacity programs based on the results of the fact-finding on a time and material basis, but at a cost not to exceed \$25,000.

6. Chairman's Report:

Ms. Glover mentioned that the Executive Committee met on Thursday, January 14, 2010. The Executive Committee discussed materials in a brochure from one of two CleanEnergyOptions vendors approved by the Department of Public Utility Control. The materials included, without permission, the CCEF logo, a slogan and a quote from a CCEF staff member from an unrelated reference letter. After consulting with legal counsel, Ms. Glover explained that the Executive Committee agreed on a process for handling the matter. She stated that a letter will be sent to the company requesting that the company cease using any CCEF logos, slogans, trademarks, quotes, etc. Additionally, a letter will be sent to the other vendor about the action being taken by CCEF. Ms. Glover mentioned that one of the public utility companies has been using the CCEF trademark, and the matter is being addressed with the company. She noted that staff has been advised not to provide any reference letters until an in-house policy has been developed regarding reference letters. Staff is in the process of reviewing and strengthening its policies with respect to CCEF's investment products, slogans, trademarks, etc., and such policies will be included on the CCEF Website.

7. President's Report:

Ms. Dondy reported that Ms. Perondi-Pitel and Attorney Michaud have resigned and that their positions will be advertised. She discussed contributions made by both staff members and noted that they will be missed. Ms. Dondy reviewed some of the issues staff has been working on, including: the strategic plan, the IRP process, legislative issues, the Joint Operating Procedures and governance matters. She mentioned that the State Energy Board was recently awarded with \$3,600,000 for green jobs and renewable energy. Ms. Dondy mentioned that staff is in the process of finding out why the Arnold Bakery Fuel Cell project is no longer going forward. No funding has been expended on the project. The quarterly project summary status report and a calendar of all of the Board meeting dates were provided for information to the Board of Directors.

8. Legislative Report:

Ms. Smith mentioned that the legislative session begins on February 3. She mentioned that key staff members have met with the senate co-chair of the Energy Committee to get an understanding of his goals and will be meeting with the House co-chair as well. Ms. Smith stated that Ms. Dondy is on a number of task forces, many related to the creation of Green Jobs. She noted that it is likely that the house chair of the energy committee will bring back a solar bill this session. Ms. Smith discussed the interest among the legislators to explore the PACE model legislation which gives municipalities the ability to tie the repayment of bonds for clean energy and energy efficiency projects to property taxes. As part of the meetings with to the legislators, Ms. Dondy mentioned that presentations will be made on pursuing financing initiatives that are successful in other states to help sustain long-term projects in Connecticut.

9. Strategic Investment Report:

Mr. Goldberg mentioned that the Joint Operating Procedures established a strategic initiative investment application process for applications that do not fall under the typical program goals. Before being considered as a strategic initiative investment, Mr. Goldberg explained that 2 of 5 identified characteristics must be present. He stated that 3 applications have been made asking for consideration as strategic initiative investments, 2 of which were applicants under Project 150. Staff continues to work with each of the applicants.

10. Navigant Phase III Report:

Due to a potential conflict of interest, Mr. Mengacci, Ms. Babbidge, Ms. Healey and Mr. Hennessy left the meeting before the presentation Navigant has completed and provided presentations on Task 1 and Task 2. Ms. Frantzis, Managing Director of NCI, reviewed the scope of Task 3 and highlighted some of the key findings from Task 3. She discussed the analysis of existing and emerging feed-in tariff ("FIT") and Solar Renewable Energy Certificate ("SREC") programs. Ms. Frantzis reviewed some of the strengths and weaknesses of the Vermont FIT and New Jersey SREC program and some of the key considerations from both types of programs. Ms. Frantzis discussed the results of the quantitative analysis of the benefits/costs attributable to a PV and fuel cell program based on one scenario the EDCs proposed in the IRP. She reviewed the estimated avoidance of utility costs, the environmental benefits and economic development/labor benefits for the different programs. With respect to the jobs created, the Board requested more information about the average salaries for jobs related to both PV and solar. Based on the analysis, Ms. Frantzis discussed some of NCI's recommendations to reach aggressive distributed generation targets. She noted that CCEF should pursue further analysis to refine its strategy and develop an implementation plan. The Board asked for a comparison of the costs on a per watt basis for SREC versus FIT on an installed and prediction basis.

NCI was asked to add a context page to the presentation to more clearly indicate the approach taken or illustrated in the analysis.

Ms. Glover noted the need for the Board to provide input on the analysis so that staff can be prepared for the legislative session if necessary. This issue will be discussed again at the February Board meeting.

11. Other Business:

There was no other business to discuss.

12. Adjournment: Upon a motion made by Mr. Peters, seconded by Ms. Muradian, the Board members voted in favor of adjourning the January 25, 2010, meeting at 2:37 p.m.

Respectfully submitted,

Norma Glover, Chairman

Jerry Peters, Secretary