

**Renewable Energy Investments Board  
Minutes - Special Meeting  
Thursday, July 15, 2010**

A special meeting of the **Renewable Energy Investments Board, also known as the Connecticut Clean Energy Fund Board** (the "Board"), was held on July 15, 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 12:05 p.m. Board members participating: Norma Glover; Alan Greene (by phone); Richard Steeves representing the Consumer Counsel (by phone); Bob Maddox (by phone); John Mengacci representing the Secretary of the Office of Policy and Management (by phone); Carol Muradian (by phone); John Olsen; Jessie Stratton (by phone); and Patricia Wrice (by phone).

Board members absent: Tracy Babbidge, Department of Environmental Protection; Mun Young Choi; Scott DeVico, Emergency Management and Homeland Security; Kevin Hennessy; and Matthew Ranelli.

Staff and Adjunct Staff Attending: George Bellas, Lise Dondy, Keith Frame, Dale Hedman, Dave Ljungquist, Cheryl Samuels, Emily Smith, Matthew Stone and Bob Wall.

Others Attending: Peter Boucher, Halloran & Sage and a member of the public

2. **Public Comments:** Peter Tavino, a geothermal installer, spoke on behalf of a non-profit applicant who has applied for a \$36,000 grant for a commercial geothermal project at a museum. He stated that the federal Davis-Bacon wage requirements will put a burden on the non-profit applicant. Mr. Tavino urged the Board to waive the Davis-Bacon requirements. In response to questions raised by the Board, Mr. Tavino indicated that the Davis-Bacon wage requirements will result in additional costs of approximately \$18,300. Mr. Tavino noted that he is aware of another commercial developer who plans to install a geothermal project on senior housing but has not decided whether to apply for grant funding because of the Davis-Bacon wage requirements. Mr. Olsen questioned whether the contractor would pass the savings on to his customer, or would retain most of the difference as additional profit.

3. **Approval of Minutes:**

Ms. Glover asked the Board members to consider the minutes from the May 24, 2010, and June 8, 2010, meetings.

**Upon a motion made by Mr. Mengacci, seconded by Ms. Muradian, the Board voted in favor of adopting the minutes from the May 24, 2010, meeting as presented (Ms. Wrice was not present for the vote).**

**Upon a motion made by Mr. Mengacci, seconded by Mr. Olsen, the Board voted in favor of adopting the minutes from the June 8, 2010, meeting as presented (Ms. Wrice was not present for the vote).**

**4. Approval of the Connecticut Innovations/CCEF Board Revised Joint Operating Procedures**

Attorney Boucher provided an overview of the revisions to the Joint Operating Procedures of Connecticut Innovations and the Clean Energy Fund ("Procedures"). The amendments are being proposed: 1) to be responsive to some comments and requests made by the Connecticut Department of Public Utility Control during the approval process for the 2009 and 2010 Comprehensive Plan, 2) to better conform the Procedures to existing CI and CCEF policies and procedures relating to third-party contracts and the approval of unbudgeted expenditures, and 3) to add a non-binding dispute resolution mechanism. Attorney Boucher mentioned that this document has been negotiated between both CI and CCEF, and any further substantive changes would require further negotiations between both parties and would be subject to further public comments. He indicated that the notice of the amendments to the Procedures was posted on the Web in addition to being published in the Connecticut Law Journal. There were no public comments, and the CI Board will be considering the amendments on July 19<sup>th</sup>.

**Upon a motion made by Mr. Mengacci, seconded by Mr. Olsen, the Board voted in favor of adopting the amended Procedures (Ms. Wrice was not present for the vote).**

**5. Approval of CCEF Revised Bylaws:**

Attorney Boucher highlighted the proposed changes to the CCEF Bylaws. He noted that a majority of the changes are not substantive but provide clarity. Attorney Boucher explained the rationale for each of the changes. Additionally, Attorney Boucher indicated that a global change is necessary to change the words "administrative officers" to "executive officers" so that the bylaws are in conformance with the revised Procedures. A discussion ensued on Section 5 "Order of Business." After discussion, there was consensus to remove this paragraph entirely.

**Upon a motion made by Mr. Mengacci, seconded by Ms. Muradian, the Board voted in favor of adopting the revised CCEF Bylaws as further amended by globally changing "administrative officers" to "executive officers" and to remove Section 5 entirely.**

**6. Solar Lease Modification:**

Mr. Hedman indicated that in November 2009, staff suspended accepting new applications under the solar lease program to avoid oversubscription. The funding allocation under the program was \$38,600,000, and the program was projected to last

through June 2011. The average anticipated system size was modeled at 5 kW<sub>STC</sub>. However, the actual average size of systems being funded is 7.2 kW<sub>STC</sub>, and funding larger systems used more program dollars and lowered the number of systems that was expected to be installed. The program was modeled to install 1,000 systems; currently, it is estimated that 850 systems will be installed. Additionally, there has been a significant decline in installed system costs which together have caused an imbalance in the program's rebate to debt ratio. To align the program's rebate more fairly with the declining system costs, staff proposes lowering the program's rebate. He described the proposed changes. Mr. Hedman explained that staff recommends that the remaining funds in the program be pooled together rather than specifically segmented between rebate and debt. He stated that \$500,000 would be utilized from the 2011-2012 Residential Solar Rebate Program to complete the funding of the Solar Lease Program and fund as many leases as possible, and \$1,700,000 would be returned under the Comprehensive Plan for other purposes. A discussion ensued on this issue, and there was general consensus not to take funding from the Residential Solar Rebate Program but to return \$1,200,000 for other purposes. In response to a question, Ms. Dondy indicated that the CCEF Board has the prerogative to move the funding as proposed within the Comprehensive Plan. It was noted that the program changes will become effective for new applicants.

**Upon a motion made by Mr. Maddox, seconded by Ms. Wrice, the Board voted unanimously in favor of adopting the following resolution regarding the Solar Lease Program:**

**RESOLVED:**

- (1) That the Board of Directors of the Connecticut Clean Energy Fund ("CCEF Board") has determined that modifications to CCEF's Solar Lease Program are necessary and in the furtherance of the CCEF Comprehensive Plan, and thus authorized as follows:**
  - (a) Pooling \$4,600,000 from the Solar Lease Program's rebate and debt allocation to complete funding of the Solar Lease Program; and**
  - (b) Lowering the current Solar Lease Program rebate of \$4.40 a Watt<sub>STC</sub> for system sizes up to 5 kW and \$3.30 a Watt<sub>STC</sub> for additional each additional kW about 5 kW up to 10 kW to \$2.86 a Watt<sub>STC</sub> for system sizes up to 5 kW and \$2.18/Watt<sub>STC</sub> for additional each additional kW about 5 kW up to 10 kW.**
- (2) That Peter Longo, President and Executive Director of Connecticut Innovations, Inc. (CI), Lise Dondy, Vice President of CI and President of the Clean Energy Fund (CCEF), or any other duly authorized officer of CI, is authorized to execute and deliver for, and on behalf of the CCEF, any legal instrument necessary to effect such rebate on such terms and conditions as he or she shall deem to be in the interests of the CCEF, in conformance**

**with the wishes of the CCEF Board, and in conformance with Section VI of the joint operating procedures of the CCEF Board. The authorized officer's approval thereof is hereby authorized to be conclusively evidenced by the execution and delivery of said legal instrument; and**

- (3) that the proper CI officers are authorized and empowered to do all other acts and execute and deliver all other documents as they shall deem necessary and desirable to effect the above-mentioned legal instrument.**

**7. Small Wind Demonstration Funding Request:**

Mr. Frame discussed the recommendation to allocate more funding for the Small Wind Turbine Demonstration Project. He summarized the progress to date under the program but noted that the New Haven site encountered geotechnical problems which could significantly adversely impact the project's budget. Additionally, over the past year, several changes in the other sites' configuration has resulted in a project budget shortfall. Therefore, staff recommends a budget allocation of \$65,000 to ensure project completion in August 2011. Mr. Frame indicated that the demonstration program will help staff analyze data to determine whether it is feasible to develop a Small Wind Incentive Program.

**Upon a motion made by Mr. Olsen, seconded by Mr. Steeves, the Board voted in favor of adopting the following resolution authoring an allocation of funding for the Small Wind Turbine Demonstration Project (Ms. Muradian was not present for the vote):**

**RESOLVED:**

**That the Board of Directors of the Connecticut Clean Energy Fund ("CCEF Board") has determined that a budget allocation shall be approved for the Small Wind Turbine Demonstration Project in an amount not to exceed SIXTY-FIVE THOUSAND DOLLARS (\$65,000); and**

**8. Year 2 Monitoring and Evaluation Goal 3:**

Before discussing this item, Mr. Maddox recused himself from the discussion. Mr. Wall discussed the monitoring and evaluation program. He explained that in February 2009, the Board authorized funding for a one-year contract with an option to extend the contract for the second year with the NMR Group, Inc. for the monitoring and evaluation program. Staff is seeking approval to extend the contract for the second year but for 15 months rather than 12 months because of the lag time with receiving and reviewing data and getting the information to the Board. Mr. Wall mentioned that there is funding available within the budgeted amount in the Comprehensive Plan.

Ms. Glover asked Mr. Wall to provide a brief update at the next meeting on the federal grant that was just received.

**Upon a motion made by Ms. Wrice, seconded by Mr. Olsen, the Board voted in favor of adopting the following resolution regarding Year 2 of the Monitoring and Evaluation Program (Mr. Maddox was recused from the vote):**

**RESOLVED:**

- (1) That the Board of Directors of the Connecticut Clean Energy Fund (“CCEF Board”) approves financing for an amount up to NINETY-FIVE THOUSAND DOLLARS (\$95,000) to Nexus Market Research, Inc. to perform monitoring and evaluation of Model, Sustainable Clean Energy Communities in Connecticut (RFP#CCEF-MJE-MS-001) under the second year of a multi-year option; and**
- (2) That Peter Longo, President and Executive Director of Connecticut Innovations, Inc. (CI), Lise Dondy, Vice President of CI and President of the Clean Energy Fund (CCEF), or any other duly authorized officer of CI, is authorized to execute and deliver for, and on behalf of the CCEF, not later than October 30, 2010, any contract or other legal instrument necessary to effect such financing on such terms and conditions as he or she shall deem to be in the interests of the CCEF, in conformance with the wishes of the CCEF Board, and in conformance with Section VI of the joint operating procedures of the CCEF Board. The authorized officer’s approval thereof is hereby authorized to be conclusively evidenced by the execution and delivery of said legal instrument; and**
- (3) that the proper CI officers are authorized and empowered to do all other acts and execute and deliver all other documents as they shall deem necessary and desirable to effect the above-mentioned legal instrument.**

**9. ARRA Program Modifications:**

Mr. Ljungquist discussed the proposed recommendation to eliminate the requirement to follow the Davis-Bacon Act wage guidelines on commercial projects. He explained that when the American Recovery and Reinvestment Act (“ARRA”) funding was announced in 2009, there was no specific guidance about Davis-Bacon Act. However, when the funding was released to Connecticut in July 2009, the Office of Policy and Management provided guidance which included a federal provision for all ARRA-funded projects to require the payment of prevailing wages to contractors for both residential and commercial projects. In November 2009, CCEF received a letter from the U.S. Department of Labor indicating that individuals cannot be considered either recipients or sub-recipients of ARRA funding and are therefore not responsible for Davis-Bacon compliance. In February 2010, the U. S. Department of Energy provided additional

clarification in response to a question regarding the requirement to pay prevailing wages for commercial equipment rebate programs. Mr. Ljungquist stated that based on the additional clarification, it appears that the CCEF commercial programs qualify as a rebate program and are not subject to the Davis-Bacon wage requirements. Mr. Olsen expressed vigorous objection to the interpretation and elimination of the requirement.

The Board discussed the purpose of the ARRA funding. Mr. Ljungquist reviewed some of the feedback received from the solar thermal installers. The Board asked staff to find out the difference between the prevailing wages and the average wages.

A suggestion was made to offer higher rebates. There was consensus that it is important to get the money spent within the required time frame. The Board took no action on this item, and staff was asked to come back with more information about wages.

#### **10. Avalence—Expiration Extension:**

Attorney Stone stated that the contract execution deadline for Avalence expired June 30, and staff recommends extending the deadline to October 30, 2010.

**Upon a motion made by Mr. Mengacci, seconded by Ms. Muradian, the Board voted in favor of adopting the following resolution extending the contract deadline for Avalence: (Ms. Wrice was not present for the vote):**

#### **RESOLVED:**

- (1) That the Board of Directors of the Connecticut Clean Energy Fund (“CCEF Board”) has decided that extending the contract execution deadline for the previously approved Avalence operational demonstration project is prudent, is consistent with and in furtherance of the Comprehensive Plan, and is in the best interests of the ratepayers; and**
- (2) That Peter Longo, President and Executive Director of Connecticut Innovations, Inc. (CI), Lise Dondy, Vice President of CI and President of the Clean Energy Fund (CCEF), or any other duly authorized officer of CI, is authorized to execute and deliver for, and on behalf of the CCEF, not later than October 30, 2010, any contract or other legal instrument necessary to effectuate such grant on such terms and conditions as he or she shall deem to be in the interests of the CCEF, and in conformance with the wishes of the CCEF Board, and in conformance with Section VI of the joint operating procedures of the CCEF Board. The authorized officer’s approval thereof is hereby authorized to be conclusively evidenced by the execution and delivery of said legal instrument; and**

- (3) that the proper CI officers are authorized and empowered to do all other acts and execute and deliver all other documents as they shall deem necessary and desirable to effect the above-mentioned legal instrument.**

Ms. Glover mentioned that Ms. Healey sent a letter requesting a ruling on whether she can send a designee from the Office of the Consumer Counsel to represent her at Board and Committee meetings. An opinion has been received from CCEF Board's outside counsel indicating that Ms. Healey does have the authority to send a designee. Ms. Glover mentioned that Ms. Healey has sent a letter designating Richard Steeves as her representative at Board meetings some of the time. Ms. Glover said she had spoken with Ms. Healey and she mentioned that she (Ms. Healey) was recently elected to a national organization that will require a great deal of her time but does want to continue to serve as a Board member when time allows. Ms. Glover explained that this situation is different from other ex-officio members who have designated a person to represent them at all Board and Committee meetings. Ms. Healey will be attending some of the time, and Mr. Steeves will represent Ms. Healey when she cannot attend. Ms. Glover thanked Ms. Healey for her service, especially when CCEF was being organized. On behalf of the Board, she welcomed Mr. Steeves. Discussion ensued.

Ms. Glover mentioned that she will be asking Mr. Hennessy to serve on the Executive Committee to replace Ms. Healey.

Ms. Glover read a letter received from Ms. Dondy indicating that she plans on retiring from CCEF effective October 1, 2010. Ms. Glover stated that she regrettably accepts the resignation and thanked Ms. Dondy for her honesty and years of service. She noted that she has spoken with Mr. Longo, and a process will be developed for moving forward to fill the position. Ms. Glover will advise the Board about the process at the next Board meeting.

Ms. Glover thanked Mr. Ranelli, Mr. Maddox, Mr. Hennessy, Mr. Mengacci and Mr. Olsen for attending the Comprehensive Plan hearings.

**11. Adjournment:** Upon a motion made by Ms. Muradian, seconded by Mr. Mengacci, the Board members voted unanimously in favor of adjourning the July 15, 2010, meeting at 2:20 p.m.

Respectfully submitted,

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Norma Glover, Chairman

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Matthew Ranelli, Secretary