



## CONNECTICUT CLEAN ENERGY FUND

### UPDATE NOTICE REGARDING PROGRAM CHANGES TO SOLAR SYSTEMS UNDER THE ONSITE RENEWABLE DISTRIBUTED GENERATION (OSDG) PROGRAM

December 15, 2008

In 2007, at the direction of the Connecticut legislature, the Connecticut Clean Energy Fund (CCEF) developed a two year Comprehensive Plan under which all of its programs were defined with specific goals and budgets. All programs were allocated budgets based on projected revenues over the Fiscal Years 2009 and 2010, with the expectation that the funding would last through the end of our budget cycle given expenditures at approximately the same rates experienced during Fiscal Years 2007-2008. Two major factors, however, have impacted the budget. First, given the recession, our assumptions about interest rates and utility revenues have to be adjusted downward. Secondly, the number of applications has increased dramatically over the past 18 months, and the CCEF funding for its most popular programs are nearing depletion. In the case of both the For-Profit and Government/Not-for-Profit solar PV programs under the CCEF Onsite Renewable Distributed Generation (OSDG) Program, the CCEF currently has pre-applications or applications in-house that, if approved, will exceed the amount remaining in the budgets.

A “perfect storm” of rising energy costs, increased concern for global warming, the potential expiration of federal tax credits and significant growth in the number of installers operating in Connecticut combined to grow the total of PV incentive approvals under the OSDG Program from \$2,800,000 in FY 2006 to \$10,894,000 in FY '07 to \$30,381,000 in FY '08.

In response to the overwhelming market demand for the OSDG Solar Programs, the CCEF reduced the incentive levels and system size limits in April 2008, and again in June. However, in the first five months of FY '09, the CCEF approved incentives of \$22,858,000, equivalent to an annual rate of \$54,859,000. The CCEF receives approximately \$28 million per year from the systems benefit charge found on the UI and CL&P utility bills. This funding covers all of the CCEF's programs including; the residential PV program, OSDG for fuel cells, wind and other technologies; the technology development program and all of our community programs.

Because of the unprecedented response to the CCEF's programs, the CCEF will not accept any new Commercial For-Profit and Government/Not-For-Profit solar PV pre-applications and applications after January 15, 2009. All pre-applications and applications received under the OSDG Program are date stamped and will be evaluated in the order received. Given this ordering, pre-applications and applications for which all information is complete will move through our evaluation process the most quickly. Project applications must be fully completed in order for the proposals to be recommended for funding to the CCEF Board's Project Committee. Funding will be awarded for solar PV Commercial For-Profit and Government/Not-for-Profit projects until the program budget allocations are fully committed. The CCEF will keep the public informed about any developments or changes to its programs via announcements posted on the CCEF website.