

**DRAFT Minutes
Clean Energy Development Board
Special Meeting - October 28, 2021**

In Attendance (*Meeting held at electronically via video and in-person*)

<u>Board Members:</u>	Attending	Absent
Kate Desrochers (KD)		X
Jared Duval (JD) <i>Co-Chair</i>	X	
David Farnsworth (DF)		X
Ken Jones (KJ)	X	
Sam Swanson (SS) <i>Co-Chair</i>	X	
Johanna Miller (JM)	X	
Paul Zabriskie (PZ)	X	

State Employees:

Andrew Perchlik (**AP**), Clean Energy Development Fund Director, Public Service Department (PSD).
Claire McIlvennie, Planning Division, PSD.
Matt Cota, Vermont Fuel Dealers Association.

Other Attendees:

The meeting started at 10:01 with **SS** presiding.

I. Agenda & Introductions

SS started the meeting with a review of the agenda and welcoming of guests and PSD staff member present. **SS** said any members of the public present would be allowed to provide comments during and after the Board's deliberations if they wanted to.

II. Minutes

Review of the draft minutes of the Board's 10/1/21 meeting were tabled. **AP** said he would recirculate the draft minutes.

III. Public Comment

There were no comments from those present.

IV. Fund Manager Update

AP gave provided the following updates on CEDF activities:

- CEDF grantee Maine Energy Systems (DBA Vermont Energy Systems) decided not to move forward with their 50-ton pellet silo in St. Johnsbury, for which they were awarded a grant at the end of 2019. The grantee asked to convert the grant to a pellet delivery truck instead, but CEDF staff did not approve that request. **AP** said this will free up ~\$150,000 in CEDF funds for other uses.
- The PSD created and is requiring applications for a new position at the PSD that will work on CEDF, and PSD ARPA funded clean energy programs. The position is a ½ time limited-service

position. AP reported that he was working to try and get the new position filled and on-board before the end of the year.

- The CEDF issued a request for proposals for the administration of CEDF's Small-Scale Renewable Energy Incentive Program. Proposals are due in early November and **AP** is hoping to get the new contract going by the first week of January as that is when the current contract ends.
- PSD Planning Director Ed McNamara is leaving the PSD for a job at the Agency of Natural Resources in December.
 - Board members raised concerns that Ed's departure would leave PSD short staffed and asked about replacement plans for Ed. AP said the PSD's replacement plans are under consideration.
- Update on \$10M ARPA appropriation for the community-scale renewable energy program. – **AP** said the PSD received the letter from the Board outlining their concerns and that the program is currently on hold – mainly due to the risk to using ARPA funds raised by Guidehouse. **AP** said the PSD still sees value in the community-scale program it had developed and is considering how best to proceed given CED Boards concerns and risks raised by Guidehouse.
 - Board members raised concern about losing the \$10M if the PSD doesn't work on the program. Board members noted that any new program designed will need to happen quickly to meet the ARPA deadline. Board members also expressed concerns with program design delay that would be compounded by workforce and supply chain issues.
 - **KJ** noted that CEDF/PSD ARPA program design can help provide a roadmap for the \$200M of ARPA funds the legislature reserved for climate action for fiscal year 2023. He said that to the extent CEDF can quickly get approval and action with ARPA funds could have benefit to the State in appropriating the \$200M.
 - **JD** commented that he hopes that as the PSD considers options for the Community-scale \$10M and PSD's \$5M of ARPA funds they need to present a plan for, that they take responsibility to make recommendations to the legislature for any changes need and that they keep an open mind about the possibility of ramping up existing successful programs that with ARPA funds could be ramped-up and approved quickly. For an example, he said in the CED Board's \$5million program plan, the whole home program for low-income could end up effectively assistance more low-income families if there was more than the \$1M the CED Board is allocating to that program. He said he wanted the PSD to consider there may be opportunities to extend the CEDF's programs beyond the first \$5M.

V. \$5M ARPA Funds to be Allocated by the Clean Energy Development Board

AP gave an overview of the PSD's proposed budget and programs for the \$5M of ARPA funds allocated to the CED Board. He said he was looking for CED Board approval for the budget outline in order to proceed through the administrative steps necessary with the ARPA funds.

Board members were supportive of the budget and proposed programs but wanted more specifics as the programs were developed and were cleared for ARPA eligibility.

Board member acknowledged the goal for Board to approve the proposal to allow the PSD to move forward with development of the programs so that the funds could be used to help Vermonters as quickly as possible. Board members had questions and proposed changes on several of the proposed programs.

- Biodiesel Incentive. **AP** explained that the incentive would be for 100% biodiesel as well as blends down to 20%, to ramp up the market for biodiesel.
 - **JD** raised concerns about incentivizing blends and proposed that the incentives only be for B100 (99% to 100% biodiesel). He thought supporting lower biodiesel blends would be supporting further fossil fuel use and would lock-in some customers to fossil fuel use. He also wanted to see more detailed budgets for the programs and sub-program incentives while still recognizing that they can be adjusted as the programs move forward. **AP** said that a tentative sub-budgets for the \$2 million for assistance to low- and moderate-income households would be:
 - \$500K for the SSREI Program (wood + pellet incentives)
 - \$300K for biodiesel incentives
 - \$100k for the IRB
 - \$1M for RFP for whole home program(s)
 - The Board agreed with **JD** on the biodiesel blends and **AP** said that he could change it to only a B100 incentive.
- **KJ** wanted to know if the proposed interest rate buy-down to reconfigured to be more capital where the loan is paid-down early, to deal with the ARPA requirement to have funds expended for the benefit of the household by the end of 2026. He also said that he wanted the CEDF to be prime info source on alternative fuels like biodiesel and wood heating as the State didn't have one currently.
- There was agreement that if there are CEDF's programs that award money quickly that additional funds can be added to such programs.
- **PZ** asked that the PSD clarify that it is using the State-wide median income for eligibility and not AMI - the Area Median Income. He said the term "state-wide area median income" is not used and that his recommendation is that it should be the state-wide median income. Others on the Board agreed with **PZ**'s recommendation and **AP** agreed to make the change.
- Board members said they were comfortable with approving the budget and programs as presented. **JD** made a motion to approve the \$5M ARPA Program budget as proposed with the following three changes:
 1. Change income eligibility to SMI from AMI
 2. Include the Sub-budgeted numbers
 3. Change the biodiesel incentive to start only with B99/100 and not lower % blends.

KJ seconded the motion. **SS** asked for any further discussion and asked Matt Cota if he had any public comment. Mr. Cota said he was looking forward to working with the CEDF on the biodiesel incentive and that his members would be able to provide documentation regarding the blends and feed stock of the biodiesel. He said it was a fast-moving market with several states enacting biodiesel mandates and incentive programs. **SS** called for a vote on the motion, and four voted in favor and **PZ** abstained from voting to avoid any conflict of interest between his role as a CED Board member and employee of Capstone Community Action.

VI. Next Board Meeting

The Board discussed holding their next meeting on December 9th 2021, at 2:00 to 4:00. **AP** agreed to coordinate with the Board's co-chairs and the two absent Board members on the next meeting.

VII. Adjournment

SS without objection **SS** adjourned the meeting at 11:03

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