

Approved MINUTES

Clean Energy Development Fund (CEDF) Board Meeting

January 20, 2010

1:30 – 4:30pm

In Attendance:

Board Members	Attending	Absent
<u>Robert Dostis (RD) – Green Mountain Power</u>	X	
<u>Sam Swanson (SS) – Pace Energy & Climate Ctr</u>	X	
<u>David Blittersdorf (BD) – Earth Turbines</u>	X	
<u>Jo Bradley (JB) – VT Economic Development Authority</u>		X
<u>Tom Evslin (TE) – Office of Economic Stimulus & Recovery</u>		X
<u>Ellen Kahler (EK) – VT Sustainable Jobs Fund</u>	X	
<u>Rich Sedano (RS) – Regulatory Assistance Project</u>		X
<u>Mark Sinclair (MS) – Clean Energy Group</u>		X
<u>Jeb Spaulding (JS) – VT State Treasurer</u>	X	
Staff		
<u>Andrew Perchlik (AP) – CEDF Director</u>	X	
<u>Diane Reynolds – DPS</u>	X	

Public Attendees During Board Meeting:

Bill Basa - Northern Power Systems

Meeting was chaired by SS who brought the meeting to order at 1:35

Discussions:

I. Minutes

- a. Minutes from the 12-16-09 meeting were reviewed. EK moved to accept the minutes as presented, 2ed by RD. There was no discussion and the motion passed unanimously on a voice vote.

II. Director's Report

- a. Staff change – Karl Johnson (contractor to the DPS and CEDF) has moved to another position within the DPS; Ed Delhagen will be hired as a contractor to help with various projects.
- b. AP gave an overview of recently legislative matters concerning the CEDF such as the Senate bill sponsored by Senator Miller that would move \$2 million of ARRA-CEDF funds to the SEED Capital Program.
- c. AP reported that the approved loan to Pellergy can't be ARRA because ARRA may not be used for working capital. Thus AP suggested the Board may want to have this loan come out of non-ARRA CEDF funds. EK moved to switch it to no-ARRA funding. SS 2ed. Passed unanimously on a voice vote.

III. Select Contractor for Administration of Incentive Program

- a. AP reported that two bids were received to administer the small-scale incentive program. One was the existing company (VEIC) and the other was a consulting firm out of Tennessee (Frazier, Barnes & Associates). AP recommended VEIC over the Tennessee firm due to their knowledge, experience

with the program, and ability to roll out the new program quickly. VEIC's proposed costs were a bit higher than the other bid but AP said that that Frazier, Barnes, & Assoc.'s personnel costs were higher and he felt that they had greatly underestimated the number of hours it would take to run the program. In addition, VEIC's proposal offered more services, especially in regard to project inspections.

- b. Board members expressed concern over VEIC's proposed delivery cost of 27.9%. Board asked AP to negotiate with VEIC to keep administrative/program delivery costs under 20%.
- c. JS moved to award VEIC a two year contract to administer the Incentive Program, and to give AP the authority to negotiate with them to reach the goal that incentive portion of the contract be increased from the proposed 72% to 80% . EK 2ed the motion. DB agreed to participate in the contract discussions and with the co-chairs to make the final decision. DB expressed concern that VEIC is making the program design too complicated. Motion passed unanimously on a voice vote.

IV. Strategic Planning (facilitated by Stephanie Lahar-SL)

- a. SL presented overviews of 4 other states' clean energy fund's strategic plans (obtained with help from MS) and gave her impressions on each one.
- b. SL led the Board in a discussion about whether the board wants to adopt a tightly targeted approach to incentivizing clean energy or continue with the broad, open approach. Some Board members favored a more targeted approach while others thought there was equal value in keeping options open and funding all sectors and types of projects listed in the CEDF legislative mandate.
 - a. JS suggested that the Board can't ignore the legislated mandate but that there was value in targeting some of the funds. However, to do the strategic targeting the other board members need to be part of the discussion.
 - b. SS agrees about needing a full Board presents because with only five members present decisions could get voided by a later mix of the Board.
 - c. There was some agreement that some of the funds should be targeted (maybe something like 70%) while some funds are left to fund projects that come to the CEDF and meet the legislated mandate.
 - d. The Board started a discussion on where energy efficiency fits in to CEDF strategic plan. Some members felt that the CEDF's mission only included energy generation and not efficiency. Others felt that efficiency could be part of the definition of clean energy and that regardless the CEDF is now in charge of some efficiency programs with the ARRA funds that was mandated to go towards efficiency.
 - e. It was decided that this discussion should be held when the full Board is present and that that may require a special planning meeting be set. AP was charged with trying to set up a special planning meeting of the CEDF Board.

IV. Review of Grant RFP

- a. AP went over the changes to the request for proposals for the CEDF's competitive grants.
- b. AP went over the new scoring system and criteria on how the projects would be evaluated.
- c. There was discussion on the scoring system with an effort to make it more balanced. Board members made some suggestions on adjusting the criteria scoring system and AP said he would incorporate those into the RFP.

- d. Bill Basa from Northern Power was allowed to ask a question regarding when a wind project over 15kW should go to the small scale program and when should it reply to the grant RFP. The Board discussed the need to get the two programs in sync so that larger wind projects are not caught in a catch 22 between the two programs.
- e. There was a discussion about how much money CEDF has left and the exact dollar amount that will be announced in the grant RFP. The information available to the Board at the time was unclear so they charged AP with getting to the Board a more detailed financial analysis of CEDF's finances and best projections going forward.

V. Public Service Institutions (PSI) Request for Proposals

- a. There was a discussion about whether projects could apply for both a grant and a loan or just one or the other.
- b. The question of how to encourage efficiency into the RFP was discussed. It was suggested that projects should be more competitive if they have already done efficiency work or have submitted proof of an energy audit and a plan to carry out the recommended efficiency measures. There was also discussion on how energy service contracts (ESCOs) could be encouraged. Conclusions of the discussion were: 1. do not allow grant + loan 2. encourage efficiency first 3. include/encourage the use of ESCO's and score higher if the project has a energy plan/audit
- c. JS moved that the PSI RFP include: an either/or for grants/loans, encourage use of ESCOs, and require and energy efficiency audit/plan. RD 2ed, unanimous voice vote in favor of the motion.

VI. Small Loan Program

- a. AP explained the program and a proposal to issue an RFP to solicit proposals to create a small loan program for renewable energy projects.
- b. SS suggested that it might be better to have a 2-stage solicitation where ideas are solicited and then when a concept is approved more detailed proposals can be requested.
- c. There was a discussion on the value of a small loan program and also about how the \$1million for this program will be affected by potential changes to the budget. SS decided to table the discussion on this item until the next Board meeting.

VII. State Solar Tax Credit

- a. The Various estimates of the amount the State business solar tax credit will cost the CEDF were discussed. AP supplied his estimate that the tax credit liability to the CEDF could be \$6-10 million over the next five years, with the vast majority of that in the first 2-3 years.
- b. It was decided that a letter to legislature on this issue was not needed now that the legislature had already been altered to the issue and now that several members had reconsidered the position that the Board should take on the issue and now thought that the Board should not take a position at this time.

VIII. Other Business

- a. The Board discussed the need to address Board ground rules around Board members roles. It was agreed to address this issue at the Board's strategic planning session that they decided at this meeting to have.
- IX. DB made a motion to adjourn, EK 2ed, vote was unanimous to adjourn at 4:32.