

Approved minutes of the CED Board's 1-26-11 meeting

Approved MINUTES
Clean Energy Development Fund (CEDF) Board Meeting
January 26, 2011

In Attendance:

Board Members

	Attending	Absent
<u>Robert Dostis (RD) – Green Mountain Power</u>	X	
<u>Sam Swanson (SS) – Pace Energy & Climate Center</u>	X	
<u>Jo Bradley (JB) – VT Economic Development Authority</u>		X
<u>Tom Evslin (TE) –Private Citizen</u>	X	
<u>Ellen Kahler (EK) – VT Sustainable Jobs Fund</u>	X	
<u>Mary Lintermann (ML)– DEW Construction</u>	X	
<u>Rich Sedano (RS) – Regulatory Assistance Project</u>		X
<u>Mark Sinclair (MS) – Clean Energy Group</u>	X	
<u>Beth Pearce (JS) – VT State Treasurer</u>	<i>(Deputy Treasurer Steve Wisloski did attend)</i>	X

Staff

<u>Andrew Perchlik (AP) – CEDF Director</u>	X	
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Public Attendees for Board Meeting: None

I. Minutes (12/15/10)

- A. SS moved to accept the draft minutes from the Board's 12/15/10 meeting, TE seconded. Vote to approve the motion was unanimous.

II. Director's report

- A. AP gave an update to a change to Draker Laboratories' loan. AP had approved a modification to Draker's current loan payment amount to reflect the outstanding balance on their loan, instead of the total loan amount. This change to the loan terms was supported by VEDA.
- B. AP gave an update on the solar tax credit program. The Ferrisburg Solar Farm project has informed the CEDF that costs came in lower than expected and, in addition, they are willing to claim a Vermont Solar Business tax credit for an amount less than 30% of their total eligible costs. These two items will result in approximately \$400,000 of tax credit capacity returned to the CEDF.
- C. Legislative update
- i. Omni-Bus Energy Bill—AP gave an update on H. 56, which he reported to be the principle vehicle for clean energy legislation this session. Within H.56 are major changes to the structure of the CEDF and the CED Board. There was discussion about what the role of the current CEDF Fund Manager and the CED Board will be if this legislation if passed.
 - ii. AP gave an update on the Budget Adjustment Act (BAA) and the \$2M of CEDF funds that will be returned to the CEDF from the Bennington

geothermal project, which was given \$2M of ARRA funds instead. AP also reported that the BAA included language that would allow for IVEK Corp. to be eligible for the Solar Business Tax Credit.

- iii. AP also reported that within the BAA the \$1M of ARRA-SEP fund that was appropriated to the Seed Capital Fund last year will likely get re-appropriated to another use and possibly exchanged with State funds.

- D. AP gave an update on the Lyndonville Biomass Grant and staff's recommendation to cancel the grant. AP had given the grantee until the end of February to provide assurances that the project was still viable. The Board agreed to place consideration of cancelation of the grant on the agenda for their next meeting (*March 23, 2011*).
- E. AP informed the Board that, due to school vacation, he will be on vacation during the date schedule for the Board's February meeting. After discussion about what was on the agenda for February the Board decided to cancel the February meeting and meet next on March 23rd 2011.

II. Bolton Wind Loan Application

- A. The Board took up the Bolton Wind Loan application motion that was tabled at their December meeting.
- B. Thomas Porter & Steve Greenfield from VEDA gave an update on the proposed project and AP gave an update on the icing issue from his conversations with Alteris. VEDA reported that the applicant was acceptable to a new term of 2 years of interest only payments with balloon payment due at end of 2 years. Regarding the icing that has been a problem on the Northern 100kW turbine installed at the site there was concern that the proposed project is not being managed competently. MS moved to table the vote on the application until a viable solution to the icing problem for the existing turbine can be proven. RD seconded the motion.

Nils Behn from Alteris had arrived at this point and therefore the vote on tabling was not held so that Nils could provide more detailed information on the icing on the Northern 100 as well as plans for icing on the proposed 1.8MW turbine. Nils reported that for the larger 1.8MW turbine they could get a performance guarantee from Kelly Aerospace, the manufacture of the de-icing system. Nils explained why the de-icing system was not solving the icing issue on the Northern 100 turbine completely. He reported they were continuing to trouble shoot the problem and felt confident that icing would not be a problem on the 1.8MW turbine.

After the Board members posed further questions to Nils and discussed the matter MS withdrew his motion to table. RD then moved to approve the loan with the new term as presented by VEDA. ML seconded the motion. After further discussion the motion failed on a vote of 4-2 (*five affirmative votes are required for a motion to pass*).

-RD left meeting temporarily-

III. Green Mtn. Consulting Hydro-electric Loan Application

Bill Roberts from VEDA gave a presentation of the underwriting he conducted on the loan application. His recommendation was to approve the loan. There was discussion and questions from the Board.

TE moved to approve the **\$245,655** loan for a 9 year term with an 8 yr. amortization. EK seconded the motion. Vote to approve the motion was unanimous (5-0).

-RD returned to the meeting-

IV. 2010 Annual Report

- A. AP gave a presentation on the final draft of the CEDF 2010 Annual Report. There was general discussion and a suggestion to include information on the low level of administrative costs the CEDF operates on.
- B. TE moved to remove the sentence that recommends that continued CEDF funding be sought in both places where the sentence occurs in the report. There was no second. The Board agreed to accept the report and directed AP to submit the report to the legislature.

V. Obligation of Remaining EECBG Funds

- A. There were two options discussed at the December meeting. The first option was the staff recommendation of an interest rate buy-down for weatherization loans for loan income participants in NeighborWorks of Western Vermont's energy efficient home retrofit program.

The second option the Board wanted to consider was placing the remaining funds into the small-scale incentive program.

Luddy Biddle the ED of NeighborWorks gave a presentation on their proposal and AP gave reasons for this recommendation to accept fund the NeighborWorks proposal with the remaining \$219,421 of unobligated EECBG funds. There was discussion of the NeighborWorks project as well of the pros and cons of the small-scale incentive program receiving the funds. SS made a motion to accept the staff recommendation to fund the NeighborWorks proposal. RD seconded the motion and the vote to approve the motion was unanimous.

VI. Seed Capital Fund

- A. David Bradbury, executive director of the Vermont Center for Emerging Technologies, spoke about the Seed Capital Fund and how it was not possible to use the ARRA funds for the Seed Capital Fund given the ARRA restrictions and the Seed Capital Fund's structure. There was discussion regarding the \$1M of ARRA-SEP funds appropriated to the Seed Capital Fund last year and regarding how a solution could be reached that met both the needs of the CEDF and of the Seed Capital Fund. SS spoke of the Board's concern about losing the money back to DOE if it was not obligated soon.

VII. Economic Development Report Proposal by Tom Kavet

- A. AP presented the two options proposed by Tom Kavet at the request of the CED Board at the December meeting. Option A was a summary impact review and commentary that didn't include modeling and was estimated to cost \$4,000-6,000.

Option B was a comprehensive quantitative economic impact analysis that included running the CEDF projects through the REMI model and was estimated to cost \$22,000-26,000. There was discussion on the two options.

EK moved to accept option B, ML seconded the motion. EK wanted to create a baseline and have future studies done. There was concern about the cost of option B as well as about the longer time that it would take. Based on the discussion EK withdrew her motion and made a motion to hire Tom Kavet to conduct his summary impact analysis of the CEDF program to date (option A), with the understanding that option B will be pursued by the DPS or the CEDF in the future. ML seconds the motion, also with the desire to try and keep Mr. Kavet involved for option B.

There was discussion on ways to have the summary report feed into a more detailed report in the future. It was suggested that maybe the legislature asks DPS to work with JFO and Mr. Kavet on a more detailed REMI model analysis of the CEDF programs. The Board wanted the Summary report completed by the first week of March. The vote to approve the motion was unanimous.

VIII. Dept. of Public Service Commissioner and Public Meeting

- A. Liz Miller attended for general discussion on activities of both the DPS and CEDF.
- B. No public arrived for the public meeting.

Meeting was adjourned at 5:06