

Approved minutes of the CED Board's 3-23-11 meeting

Approved MINUTES
Clean Energy Development Fund (CEDF) Board Meeting
March 23, 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 – DEW Construction</u>		X
<u>Rich Sedano (RS) – Regulatory Assistance Project</u>	X(by phone)	
<u>Mark Sinclair (MS) – Clean Energy Group</u>	X	
<u>Beth Pearce (JS) – VT State Treasurer</u>		X

Staff

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

I. Minutes (1/26/11)

- A. TE moved to accept the draft minutes from the Board's 1/26/11 meeting, seconded by SS. Vote to approve the motion was unanimous (5-0, as RS had not yet joined the meeting).

II. CEDF and ARRA Finances

- A. AP gave an update of the CEDF and ARRA monthly finances and went over the monthly finance reports.
- i. AP went over staff's efforts to re-capture grants & loans for projects that were no longer viable.
 - ii. Regarding the PV grant that may be stalled with St. Frances School, Board members requested that CEDF staff suggest to the school that they install a solar hot water system instead of a PV system, as the costs are lower and economics likely more favorable
 - iii. The possibility of transferring the St. Frances School grant to an ARRA funded grant was discussed – if the school is able to go through with the project. AP said he would contact the school to discuss options.
- B. AP reported that the legislature had passed the budget adjustment act and within that act there was a transfer to the CEDF of \$2 million. AP reported that \$1 million was to be used for Business Solar Tax Credits, \$500K was to go to the Seed Capital Fund, and \$500K was for CEDF general purposes. AP said that the House Energy Committee discussion on the bill was that the

\$500K for the CEDF was to be used to fund the small scale incentive program.

- i. There was discussion regarding if a Board vote was necessary to allocate the additional \$1M to the solar tax credit program. It was agreed upon that a vote was not necessary since the legislation clearly allocated the \$1M for the solar tax credits.
- ii. There was a discussion about the \$500K not allocated to the Seed Capital Fund. JB made a motion to allocate the small scale incentive program. The motion was seconded by SS and the vote to approve was unanimous.

C. Proposal from DPS to fund State Energy Plan analysis of clean energy development with the EECBG money returned from Burlington Airport PV project.

- i. Kelly Lunder and Sarah Hoffman of the DPS gave a presentation on the DPS' request for \$225K for energy planning modeling for the DPS' Comprehensive Energy Plan work to be done this summer.
 1. TE had a concern about using funds for assessing carbon savings or externalities but could be supportive of looking at the economic impact of individual renewable technologies. He suggested the DPS look at facts and not items such as the dollar value of carbon or the dollar value of aesthetic impacts.
 2. After further discussion of the proposal in which the DPS said that they would also likely seek funding for the effort from the electric utilities the Board expressed concern that if utility funding was provided it would be borne by rate-payers. Therefore, SS moved that the full \$250K of unobligated EECBG funds be granted to the DPS for the energy plan modeling work as proposed, with the expectation that the DPS would not seek funding from the utilities for the project. The motion was seconded by JB and the vote in favor was unanimous.

III. Montpelier District Heating Project

A. William Fraser, Montpelier City Manager and Jeb Spaulding, Secretary of the Agency of Administration were present to speak to the Board about the Montpelier district heating project and the possibility of financial support from the CEDF of the project.

- a. Jeb spoke first saying that the Shumlin Administration supports the project and that any support that the CEDF could give would be appreciated by the State. The project as proposed would save the State money on heating costs (\$200K/yr) and would reduce oil consumption and pollution.

- B. Mr. Fraser went through a presentation of the project for the City. During his presentation Gwendolyn Hallsmith from the City arrived and added to the presentation.
 - a. The State heating system needs to be updated now to move it out of flood zone and make updates for efficiency and pollution control. State heating district was installed in the 1940s.
 - b. The project has received a \$8M grant from DOE. One of only a few projects awarded funds in a national \$20M DOE solicitation.
 - c. The City schools are big users and thus key to the economics of the project. Connection to the schools would likely be cut from the project if funding from CEDF was not available.
 - d. Total project costs are projected to be \$18.2M

- C. Board members had several questions and concerns regarding the project:
 - a. Was the CEDF funds needed to make project happen. Would it happen w/o CEDF funding?
 - b. Board wanted to make sure that there was not a chance of this becoming a Burlington Telecom like situation where public funds are reliant on participation from the private sector
 - c. Was a loan possible in-lieu of a grant? Mr. Fraser said that a partial loan could be possible but a grant is preferable.
 - d. RS had a question about a city council vote on the project which was reported in the newspaper as being negative.
 - i. Mr. Fraser clarified that the City council vote was 4-3 to move forward on seeking funding and getting project to next phase. The City will also set up a clean energy assessment district to help buildings hook up to the system
 - ii. It was clarified that the City does need state approval of a charter change to sell heat if private entities hook up to the system.
 - e. MS had a concern regarding wood supply
 - i. The City said that a BERC study showed that there was enough waste wood in a 50mile radius of the project and they would work with suppliers to make sure that wood used was sustainably harvested.
 - f. MS had questions on emissions. Ms. Hallsmith said the new system will lower existing emissions even with double capacity due to improvements.
 - g. TE said he would rather provide a loan rather than a grant. It was expressed that more grant funds for this project would not demonstrate financial viability.
 - h. The Board concluded the discussion on the project by expressing the desire for a full proposal from the City with some members preferring considering a loan over a grant and others a combination of grant and loan. The Board wanted the proposal to include the economic pro-formas of the project and the effects of a loan and grant combo.

IV. Loan Program Update

A. AP gave an update to the CEDF and ARRA loan programs and gave a preview of some of the projects he was anticipating would be applying for loans in the next month.

V. CEDF Economic Study Update

The Kavet study was reviewed and positively received by the Board members. AP said he would put the report on the web site, pass it out to legislators and provide it to the Shumlin Administration.

VI. Sub-Recipient Monitoring Plan

Audit responsibilities were discussed and put on the next agenda.

VII. Legislative update

AP gave a brief legislative update of H.56, the energy bill that has a large section on changes to the CEDF.

Meeting was adjourned at 4:20