

**Minutes  
Clean Energy Development Board  
Quarterly Meeting April 18, 2018**

**In Attendance** (*Meeting held at Public Service Department, 112 State Street, Montpelier, VT*):

<b>Board Members:</b>	<b>Attending</b>	<b>Absent</b>
Jared Duval ( <b>JD</b> ) <i>Co-Chair</i>	X	
David Farnsworth ( <b>DF</b> )	X <i>via phone</i>	
Ken Jones ( <b>KJ</b> )	X	
Janice St. Onge ( <b>JS</b> )		X
Sam Swanson ( <b>SS</b> ) <i>Co-Chair</i>	X	
Johanna Miller ( <b>JM</b> )		X
Gaye Symington ( <b>GS</b> )	X	

**State Employees:**

Andrew Perchlik (**AP**), Fund Manager, Clean Energy Development Fund, Public Service Department (PSD)

**Members of the Public:** Ansley Bloomer, Renewable Energy Vermont.

Meeting brought to order at 1:32 with Co-chair Sam Swanson presiding.

- I. **Agenda.** The draft agenda as presented by **AP** was discussed and agreed to without objection.
- II. **Minutes.** The minutes of 1/17/18 had been presented to the Board via email prior to the meeting. **AP** explained one additional edit, a spelling correction, to the draft minutes as presented. There was a brief discussion about the minutes including mention that at today's meeting there would be an extra hour on the agenda dedicated to a discussion on the emissions of wood heating. **AP** and the Co-chairs explained why they did not include this on the agenda. Board members expressed interest in having this discussion at a later meeting if the CEDF was going to continue to make funding decisions regarding wood heating. **KJ** moved to accept the minutes as presented with the one additional spelling correction, **GS** seconded the motion and the motion passed unanimously.
- III. **Co-Chairs Report to the Board.** Co-chairs **SS** and **JD** gave an update to the Board on their meeting with the PSD Commissioner in general and specifically on the Commissioner's response to the Board's letter to her regarding the \$453K of CEDF funds that were sent to the Tax Department to cover the Solar Business Tax Credits prior to 2012, but that the Board understood were unspent. The Co-chairs reported that the Commissioner informed them that the CEDF funds that were transferred to the Tax Department had already been spent in a prior fiscal year.

There was a discussion about these solar tax credit funds, and under what authority were the funds spent.

**JD** proposed that the Board send a letter to the Chairs of the Senate and House Appropriations Committees requesting more information about the specific past expenditures of CEDF solar tax credit funds. There was a discussion about such a letter. **SS** suggested that **KJ** draft the letter as he did with the Board's letter to the PSD Commissioner. **KJ** agreed to draft the letter and would send to **AP**. **AP** agreed to send to the Board members to give them a chance to express any concerns or edits with **AP**, and then would deliver to the Appropriation Committee Chairs. Board members decided this action required a motion. **JD** moved that **KJ** draft a letter to the Chairs of the Appropriations Committees of the General Assembly asking if the solar tax fund have been spent in fiscal year (FY) 2018 or a prior fiscal year and that the Board co-Chairs have the authority to pursue actions to return the CEDF funds to the CEDF in accordance with the law. **KJ** seconded the motion and it was approved unanimously.

Co-chairs also reported that the Commissioner informed them that without future settlements like the one with Entergy Vermont Yankee that has funded the CEDF for the past 12 years, there is not likely to be any new funding for the CEDF. Therefore, the PSD will be winding-down the CEDF, but preserving it, and if there are future settlements it should be ready to take in new funds.

IV. **Fund Manager's Report.** **AP** provided a financial report of the CEDF for the prior three months as well as year-to-date financials since the start of the fiscal year in July 2017.

**AP** provided information on the Fund's current obligations and situation with the recent news that the Scott Administration had requested a change to the FY 2019 budget of a \$500,000 transfer of CEDF funds to the State's General Fund. There was a general discussion about the proposed transfer and if the Board should take any action. Board members didn't see a role for the Board in this issue. There was a discussion about the distinction of the \$500,000 potential transfer and the ~\$453,000 of CEDF solar tax credit funds. Board members saw a role for the Board in investigating what authority appropriated the solar tax credit funds, but not in taking action as a Board to try and influence the Legislature on the potential transfer of \$500K of CEDF funds to the general fund. The Board agreed that if the Co-chairs were asked by the Legislature to testify on the issue the Co-chairs could speak for the Board regarding the ~\$453,000 of solar tax credit funds and/or the \$500,000 transfer.

**SS** asked Ansley if she had any insights or information on either the \$500,000 transfer or the ~\$453,000 solar tax credit funds. Ansley spoke briefly on her understanding of the two different items. She said REV was working to prevent the \$500,000 transfer and the return of the ~\$453,000 to the CEDF.

Board members asked **AP** about the PSD's plan for staffing the CEDF going forward, giving the declining funds. Specifically they wanted to know about any plans regarding the Fund Manager position. **AP** said that there were sufficient funds to pay the Fund Manager for FY 2019 even if \$500,000 was transferred out. He reported that there might be sufficient funding for the Fund Manager for FY 2020, but that with little to no funds to grant out and administer there would be less need for the PSD to have a CEDF Fund Manager.

**AP** gave an update on the Small Scale Renewable Energy Incentive Program (SSREIP) and discussions with Efficiency Vermont/Vermont Energy Investment Corp. about transferring the responsibility of paying some of CEDF's SSREIP incentive reservations to Efficiency Vermont.

Board members asked that if there continues to be a lack of applications for the pellet fired sap evaporators and SSREIP funds for pellet boilers ran out if the CEDF would transfer the pellet evaporator funds to the pellet boiler incentives. **AP** said the CEDF would likely do this.

**AP** also gave updates on: the requests for proposals to conduct an evaluation of the CEDF's wood energy incentive programs, a new grant award to Kingdom View Compost for a compost heat recovery system, and on the \$250,000 grant to Kingdom Pellet that expires in June. **AP** explained that Kingdom Pellet informed the CEDF that they had to abandon plans to build a new pellet mill in Lunenburg and asked for a six month extension of the grant to prepare a grant amendment proposal for a phased mill in a new location – but still in the Northeast Kingdom. **AP** said he told them the CEDF would need to wait and see what the CEDF's FY 2019 funding will be before a decision could be made on extending the grant into FY 2019. Board members expressed their interest in the Kingdom Pellet mill project and wanted to clarify with **AP** that the grant funds would not be re-apportioned without Board approval. **AP** confirmed that would be the case, that the Board would have a chance to review and approve, or not, the FY 2019 budget for the CEDF and it would be in that budget that funds would be allocated to different programs.

- V. **Proposed Change to the SSREIP.** **AP** presented CEDF's proposed change to the custom wood heating incentive in the SSREI Program, which was publicly released over 30 days prior to the Board meeting. **AP** gave an overview of the proposed change of eliminating the custom incentive for advanced wood heating systems and of the public comments received, which were sent to the Board members ahead of the meeting.

There was a brief discussion on the proposed change and when it would be implemented, as Board members wanted to assure there was sufficient notice regarding this change. **AP** said the change would take effect on June 1st. **KJ** moved to approve the change. **JD** seconded the motion and it was approved unanimously.

- VI. **CEDF Strategic Plan.** **AP** gave an overview of the newest draft of the CEDF Strategic Plan that the CEDF had submitted to the Board members prior to the meeting. He reported on his conversations with Board Co-chairs about the revisions made to the plan. **JD** emphasized the need for a short, two-page description of CEDF's successes to accompany the strategic plan. He also suggested that the contract for the Evaluation of the CEDF's wood heat programs include the requirement of a two page summary of the CEDF's wood heating program successes and results. **AP** said the CEDF would include that in the contract. Similarly, **KJ** spoke to the need for an annual report issued by the State on where the state was in relation to its clean energy goals and requirements.

**SS** made a motion to approve the CEDF Strategic Plan as proposed. **KJ** seconded the motion and it passed unanimously.

- VII. **Fiscal Year 2019 Plan and Budget.** Given the potential changes to the CEDF's financial situation pending the State's Budget the discussion on the budget was brief. **AP** gave a quick estimate on revenue from new loans to come into the CEDF during FY 2019 of ~\$190,000. The Board asked **AP** to provide a draft budget and plan in May and they discussed the need for a special meeting before the end of the fiscal year on June 30<sup>th</sup>.

- VIII. **Cathedral Square Unsolicited Request.** **AP** presented the unsolicited request for grant funds for a solar PV system on a low-income senior housing project being developed by Cathedral Square, which was sent to the Board prior to the meeting. There was a brief discussion on the request in which **AP** said he was not seeking the Board's approval of the request given the CEDF's financial situation and because there was not an opportunity for others to make similar requests, making an award neither fair nor transparent. No action was taken.
- IV. **Scheduling The Board's Next meeting.** There was a brief discussion on the need for a special meeting before the regular quarterly meeting in July. Board members agreed that a meeting in June to address the annual plan and budget was warranted. **AP** agreed to work with the Board Co-chairs to schedule a time in June that would work for the Board members, and to send the Board a draft budget and plan in May.

-- With no objection the meeting was adjourned at 3:32 --