

Minutes
Clean Energy Development Board
Special Meeting - October 1, 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)
Ed Delhagen, Clean Energy Finance & Program Manager, PSD
Ed McNamara, Director of Planning, PSD

Other Attendees:

Heather Starzynski, NeighborWorks of Western Vermont
Chase Whiting, Conservation Law Foundation
Haley Pero, Senator Bernie Sanders' Office

The meeting started at 12:02 with **SS** presiding.

I. Agenda

SS started the meeting with a review of the agenda and welcoming of guests and PSD staff members present. **SS** said the members of the public present would be invited to introduce themselves, their interest in the CED Board's activities, and that they would be allowed to provide comments after the Board's deliberations if they wanted to.

II. Minutes

The Board considered the draft minutes as presented from their meetings held on July 12, and July 28, 2021. **KJ** moved to accept both set of minutes and **KD** seconded the motion. The motion passed unanimously.

III. Public Comment

There were no formal comments from those present. They did introduce themselves and explained their interest in listening in on the Board's discussions on how the American Rescue Plan Act (ARPA) funds would be expended.

IV. Draft ARPA Program Presentations and Board Discussion

SS asked **AP** to give an overview of the PSD's proposals for the two ARPA funded programs before the CED Board.

IV. A. \$10 million Affordable Community-scale Renewable Energy Program (ACREP)

AP presented the outline of the \$10 million Affordable Community-scale Renewable Energy Program (ACREP) for low-income the PSD has developed after reviewing response comments to a request for information the PSD had released, and review of the US Treasury's preliminary ARPA guidance.

AP referenced two documents sent the Board members and posted on the CEDF web page: a one-page outline of the draft program and a flow-chart graphic of the program. AP said the program's draft design was to build solar projects via a group of electric distribution utilities' procurement process. The ARPA funds would buy-down the cost of the solar energy and that lower cost solar power would be used to provide bill credits during the life of the solar system to low-income customers state-wide. **AP** also said the draft ACREP design included using some of the funds to incentivize electrical service panel upgrades/repairs needed for the installation of heat-pumps or electric vehicle chargers.

AP reported that very recent feedback from the State's contractor on eligible uses of the ARPA funds revealed that while using the ARPA funds to build solar arrays to benefit low-income would be an eligible use, the benefits to the low-income would have to be paid out by December of 2026 in an amount proportional to the \$10 million. **AP** explained this would be impossible to do with solar projects as the PSD envisioned the program. Even if the projects could be permitted and operational in 2022 – which would be unlikely for larger projects, which are the projects that provide the lowest cost of power that create the greatest benefit to low-income customers – the Program couldn't disperse the bill credits to eligible participants in the remaining four years as required by ARPA. There was a brief discussion by the Board and **AP** on this new information about ARPA eligibility and how a solar program could possibly be developed to meet the ARPA guidelines.

JD raised objections to the ACREP draft design for not doing enough to meet what he saw as the fundamental criteria in the authorizing statute and in the Global Warming Solutions Act (GWSA), specifically reducing GHG emissions and lowering energy costs for low-income Vermonters. He noted that PSD analysis shows that new solar in VT is not nearly as cost-effective for emissions reduction as compared to measures like weatherization and fuel switching (i.e., moving off fossil fuels in favor of heat pumps and/or advanced wood heating). He expressed concerns that given the amount of greenhouse gas (GHG) emission reductions the state is required to meet via the GWSA and with a looming 2025 deadline, the State needs to make every dollar go as far and do as much good as possible. He said that therefore, the ACREP should be focused on the installation of renewable energy technologies that achieve much greater GHG reduction and cost savings for low-income Vermonters than new solar would. He said that since the Climate Council is developing a Climate Action Plan (CAP) that will have recommendations on how to most cost-effectively reduce the largest amount of GHG emissions to ensure Vermont meets its GHG reduction requirements that the ACERP should be informed by that analysis and the forthcoming recommendations in CAP.

JD advised the Board against a program focused on solar and said there was legislative intent for this program to be focused on emissions reduction and for energy cost savings for low-income Vermonters – neither of which, he argued, solar scores well on compared to other possible investments.

Additionally, he pointed out that new solar already has policy support via Tier II of the RES and will happen regardless of CEDF intervention. As a contrast he pointed out that the State does not have the regulatory or policy frameworks in place to drive sufficient investment in weatherization and/or helping folks get off polluting and high cost fossil fuel heating, and that is where he argued these ARPA dollars could make the most difference and should be focused.

During the discussion on this topic Board members generally agreed with **JD**'s comments and ask the PSD to reconsider the program design to have greater GHG reductions. Board members also raised interest in making sure that whatever program, or programs, are developed that equity and a just transition are of critical importance in the details of how the benefits are made available or targeted to low-income Vermonters.

KJ noted that the administration will continue to work with the consultants to better understand the limitations on the use of ARPA funds, particularly for capital projects. He thought that it may be that the benefits for a capital project can be accounted for at the completion of the project even if benefits accrue after the end dates for the ARPA program. He agreed that cash benefits cannot be distributed to recipients after 2026, but there may be a way to allow for customer rate relief past 2026 after ARPA funds support the completion of a project before the end of 2026.

There was a general discussion on the legislative language appropriating the \$10M to the PSD for the ACREP among both the Board members and the members of the public present. There was agreement that the statutory language was broad that it allowed for other non-solar renewable energy community projects to be developed with the funds.

Board members expressed support for the PSD to design a new program with greater GHG savings and one that partnered with or built on existing successful renewable energy programs. There was a discussion on supply-chain and workforce limitations on getting the funds expended to meet the 2024 and 2026 ARPA deadlines. **AP** said the PSD had received comments suggesting funds be used for workforce development in conjunction with VT Technical College and the high-school career centers but had not found a way to do so in a way that was ARPA eligible. **KJ** said there were other efforts in the State to use ARPA funds for workforce development and that the PSD could work with other State agencies on this.

Mr. McNamara said that the PSD would consider the recommendations and concerns of the Board but if the ACREP was not going to be focused on community solar projects the PSD may want to have the Legislature weigh-in on such a change. While he agreed that the language that appropriated funds for the program was not precise, he said the PSD has a commitment to the Governor and the Legislature to follow through on what they said they would use the funds for, which was to build solar projects that would support low-income Vermonters. He also said the PSD was willing to discuss this further with the Board.

Mr. McNamara also asked that the Board put its objection to the community solar program proposal in writing to avoid confusions on what the Board's position was and its request to the PSD.

After further discussion the Board members did not think they had the time to craft a written statement about the PSD proposal during the meeting but that they did want the PSD to develop a different

proposal, even if that means waiting for the Climate Action Plan in December. **JD** summarized his view of the Board's position as being that the PSD's current proposal does not meet all the following four goals of the program: 1. Community-scale renewable energy, 2. Achieves a high-level of GHG emission reductions; Provides long-term benefits to Vermonters, 3. Specifically provides meaningful benefits to low-income Vermonters. Board members said they could craft a written statement at their next meeting if desired by the PSD.

AP mentioned the potential of the community solar program to be a catalyst for the creation of a state-wide low-income electric utility assistance program. **AP** explained that currently only GMP customers have access to such a program and the Public Utility Commission recently re-opened a docket on how to extend such a program to all the other utilities for a state-wide program.

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

AP presented the draft proposal for the Board's consideration on how the \$5M of ARPA funds could be allocated. AP referenced a one-page listing of the four programs the PSD was recommending the CED Board allocate the funds to. The four categories were: the CEDF's current Small-scale Renewable Energy (SSREI) Program (\$1M), a comprehensive clean energy program for low-income households (\$1M), grants for renewable heating and energy-efficient ventilation systems for small businesses in the hospitality sector (\$250K), and grants for renewable or efficient electric heating systems to schools in "high poverty" districts (\$2.5M).

AP reported the PSD was in communications with the State's ARPA consultant to clarify some ARPA guidance, like the definition of a "high poverty" school district, that would allow the PSD to provide more program design specifics to the Board. **AP** said the PSD wanted to get the Board's reaction to the draft plan for the \$5M before proceeding with program details.

JM asked about the ARPA guidance and how the Board might be able to get better clarity on what the ARPA funds could be spent on regarding clean energy related projects. **AP** said he had recently sent out a document that laid out the sections of the ARPA guidance where he thought there was an eligible connection to clean energy. He said these are all within the section of the guidance that allows ARPA dollars to be spent on recovery from economic harm caused by COVID-19.

JD asked if the PSD had considered incentives for financing or credit enhancements that would help Vermonters to finance clean energy installations, such as is being offered by the Home Energy Loan program. **AP** said they had and financing incentives that act like grants, such as an interest rate buy-down, were thought of as possibly being included in the SSREI Program. Other credit enhancements like a loan-loss reserve would not likely be ARPA eligible.

There was a general discussion on the proposal by the PSD for the \$5M, and the Board members expressed support for the proposal, especially if there was an option to move funds between the four programs so that funds could be used in support of successful programs if other programs are not able to deploy the funds on a time-line to meet the ARPA deadlines or are not as successful on other metrics. Board members agreed that the PSD should develop a more detailed proposal of the four programs and work to get clarity on the ARPA eligibility involved.

V. Next Board Meeting

The Board discussed holding their next meeting sometime the last week or so of October or the first week of November. AP agreed to coordinate with the Board's co-chairs on scheduling the next meeting.

VI. Public Comments & Adjournment

SS asked if there were any other comments from the public attendees or comments or questions from the Board or state employees, hearing none and without objection from the Board members SS adjourned the meeting at 2:15