

CED Board Meeting: 05/18/22

Draft Minutes

*Location: **Remote – MS Teams and at the PSD’s Offices in the Giga Conf. Room,***

In Attendance:

<u>Board Members:</u>	Attending	Absent
Kate Desrochers (KD)		X
David Farnsworth (DF)	X	
Ken Jones (KJ)	X	
Sam Swanson (SS) <i>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); Christopher Heine (**CH**) Clean Energy Program Specialist, PSD; Ed Delhagen (**ED**) Clean Energy Finance and Program Manager, PSD

Other Attendees: NONE

Meeting Started at 1:02 pm with **SS** presiding.

Agenda Review

The draft agenda was reviewed and adopted without objection.

Announcements

AP announced that Jared Duval has resigned from the Board making **SS** Chair instead of Co-Chair. **SS** said he would gladly serve along with a new co-chair if any Board members were interested.

There was a discussion of Jared’s successor and the process for filling the vacancy and what skills/background the new Board member should have. **JM** suggested that perhaps that now that the CEDF is not funding solar a successful market builder from the Solar industry that may help the CEDF build markets for other technologies. **SS** asked if the Board should seek to have someone with economic development expertise appointed, as that was the role Jared was originally appointed to fill when he was working for economic development.

AP said Jared’s replacement would be appointed by June Tierney, the PSD Commissioner. He said he’d ask her if she would like a list of suggestions from the Board on possible candidates.

Public Comment

No one from the public was present.

Past Meeting Minutes

The draft minutes from the Board's 3/2/2022 meeting were reviewed. **KJ** moved to accept the minutes as presented. **DF** seconded the motion and it passed unanimously.

Fund Manager Updates and Program Proposals

1. CEDF and CEDF-ARRA Programs

- a. **AP** provided an update on the Interest and loan repayments received from past CEDF and CEDF-ARRA loans. He reported that with the early pay-off of a borrow that had a both a CEDF and CEDF-ARRA loan there is only one CEDF loan remaining (Purpose Energy) and one ARRA loan (City of Montpelier). **AP** reported that the CEDF will be working with the city to try and arrange for new terms of the loan to have it paid back as currently the loan terms are for the payment of only the interest and the interest rate is only 1%, which is what VEDA charges to service the loan. The CEDF must continue to report quarterly to the US DOE on the loan until the loan is paid off.
- b. **AP** reported that the grant to the Windham Regional Commission (RPC) has the CEDF's only remaining grant. He reported that about \$400k remains unspent. He said that the RPC has a \$200K grant with the city of Brattleboro to support a district heating project, but the RPC is unsure if the city will be able to move ahead with that grant. The RPC is in communication with an elementary school about a grant to switch to an advanced wood heating system. The grant expires at the end of 2023.
- c. State Energy Management Program (SEMP) MOU Update. **AP** reported that Buildings and General Services (BGS) has filled the staff position that is to be funded with the CEDF's ARPA funds per the MOU between BGS and the CEDF. He said that CEDF should get their first invoice from SEMP this quarter. The entire SEMP expansion effort was delayed over a year due to COVID staffing issues at BGS. **AP** reported that the two-year MOU with BGS for \$300K of ARPA funds may not be renewed or extended now that BGS is receiving significant funding for a new municipal program via recently passed legislation. **KJ** asked clarify questions on the difference between BGS work with municipalities per the new legislation and the purpose of the CEDF funding. **AP** explained that the legislation (H. 518) creates a Municipal Resilience Program that is different from SEMP, however there is significant overlap between the Resilience Program to be administered by BGS and the SEMP municipal expansion pilot program funded via the CEDF MOU and a grant from VLITE.

There was a discussion about the SEMP expansion funded with CEDF ARRA funds and that it would be the general preference not to use those funds for BGS staff if the legislature is now willing to fund those positions. **AP** said he would report back to the Board at their meeting in the fall on the MOU and the Municipal Resilience Program.

- d. Clean Energy Industry Report. **ED** reported on the progress of the 2022 report. He said that the data collected by the US Department of Energy (DOE) is being held and not being shared with states. The CEDF needs access to the data, and the authority to share it with the public, to

complete the Vermont report. Other parts of the report are being written by CEDF's contractor as the CEDF waits to get authority from DOE to access the data.

- e. Solar Training funding. **AP** gave an update on the \$14K of funding the CEDF has for solar installer trainings in which they are obligated to collaborate with the Agency of Natural Resources on. He reported that there is an agreement to spend the money on webinar trainings related to the safe disposal of solar modules and batteries to be offered by Renewable Energy Vermont. Board members expressed concerns about spending \$14,000 on webinars. **AP** clarified that the contract with REV is not for the full \$14,000 available, but for an amount not to exceed \$7,500. He also said the contract had not been finalized as it was still under internal review at the PSD. Board members wanted more information and **AP** agree to send out scope of work for the ANR/CEDF funds for the REV webinars as well as the language from the PUC order that created the \$14K to be sent to the CEDF for trainings.
- f. Vermont Advanced Wood Heating (AWH) Market Report **CH** gave a report to the Board on this 5-year update on the AWH market assessment the CEDF completed in 2017. **CH** explained the scope of work in the contract that is being negotiated with VEIC to create the report. There were questions from the Board about the connection between this market assessment of AWH and the forest resources available to meet the demand for wood fuel. **AP** said that there are separate reports done by the Dept. of Forests, Parks, and Recreation on the forest health and wood resources available for sustainable harvesting. He said the AWH market report will reference the forest resource reports but will not create new data on that aspect of the market since FPR does that independently.
- g. Small-scale Renewable Energy Incentive Program (SSREIP). **AP** reported that the program is performing well and at a consistent level (about 4 pellet boiler installations and one coal change-out per month). He reported that the program is getting near the end of its funding with about \$100K remaining of each ARRA and CEDF funding. **AP** requested that the Board approve moving \$100K of unencumbered ARRA funds to the SSREIP to avoid the program running out of funds before the Board can approve the fiscal year 2023 budget.

After a brief discussion **SS** moved that \$100,000 of CEDF-ARRA funds be allocated to the SSREIP fiscal year 2022 budget effectively immediately. **JM** seconded the motion and it passed unanimously.

2. CED Board Allocated ARPA Funded Programs

- a. Clean Energy Financing Program. **AP** reported that the CEDF recommends to the Board that the \$250K budgeted for this program be transferred to the ARPA funded High Poverty Schools Clean Heating program. **AP** reported that the CEDF determined that the program was too small at \$250K to warrant the time and effort to set up a new interest rate buy-down program. Furthermore, he explained that the ARPA rules would make the program administratively excessive when compared to the funding available. **AP** explained that the High Poverty Schools Program received over \$5M in proposals for repairs and replacement of heating systems in schools, but that the program was funded with just \$2.5 million.

After a brief discussion on the High Poverty School HVAC Program **SS** made a motion to move the \$250k of APRA from the Financing Program to the High Poverty Schools HVAC program. **PZ** seconded the motion and it passed unanimously.

- b. SSRI Program (\$1M) **AP** reported that the contract amendment to the SSREIP contract to allow using ARPA funds for increased AWH incentives as well as incentives for biodiesel are progressing, albeit slowly.
 - i. **ED** reported on his work to develop a pilot incentive for B99/100 for low- and moderate-income Vermonters. CEDF staff want B100 as a pilot. He said the program will include a \$300 inspection grant, instead of just \$100 that the Board had discussed before. **ED** described the difficulties of finding fuel dealers wanting to participate in a B99 incentive program but that the CEDF still thinks it would be a worthwhile pilot incentive program.

The Board discussion on the biodiesel incentive was on the GHG emission and GHG life cycle accounting for the different feed stocks (i.e. used veggie oil vs. soy beans). Board members discussed the opposition of “burning anything” that also curtails support of AWH and how this pilot can provide some data that will help answer some of the questions and concerns about biofuels, which some Board members agreed with. This led into a discussion of the CEDF’s Strategic Plan needing to be updated in 2023 and that it is particularly out-of-date related to GHG accounting and the CEDF’s GHG goals. Several Board members discussed the current heating fuel market and that “burning things” (wood or biofuel) that is locally sourced for heating still makes sense – but that it should not be burned for power generation or as a transportation fuel.

- c. High Poverty School HVAC Program (\$2.5M). **CH** reported significant interest in the program and in response to the preliminary RFP.
- d. Whole-home clean energy program (\$1M). **CH** reported the CEDF received two responses to RFP. One from Zero Energy Now (ZEN) and one from NeighborWorks of Western Vermont. He and **AP** reported that they have been receiving some opposition within State government to the Program from other entities that are also developing/deploying ARPA funds to low-income VT households for the same energy related technologies. **AP** said the CEDF will continue to review the proposals and how they could – or could not – be operationalized without conflicting with other work being done in the same space.
- e. Small hospitality/tourism/travel Businesses HVAC Grant Program (\$250K). **AP** reported that this project has not started yet.

Next meeting of the CED Board

The Board discussed when to hold their next meeting and decided on June 15, 2022 at 1-3pm.

Without objection the meeting was adjourned by **SS** at 2:54

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