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CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

Statement of the Connecticut Clean Energy Finance and Investment Authority Regarding Senate Bill 415
An Act Concerning The Operations Of The Department of Energy and Environmental Protection, The Establishment Of A Commercial Property Assessed Clean Energy Program, Water Conservation And The Operations Of The Clean Energy Finance And Investment Authority.

The Clean Energy Finance and Investment Authority (CEFIA) strongly supports the intent and purpose of SB 415. The changes contained within this bill would further the mission of CEFIA and allow the organization to play a key role in Connecticut's clean energy future. CEFIA has sought to develop relationships with key stakeholders in an effort to adequately structure and establish well designed and effective clean energy programs, including financing opportunities. These programs will be geared toward individuals as well as commercial and industrial institutions in Connecticut seeking to deploy clean energy sources. The changes proposed herein would strengthen CEFIA's ability to attract private capital, and thus provide additional benefits to the state of Connecticut and its citizens.

The proposed modification in Section 26(a) to the definition of "clean energy" incorporates any resource defined under 16-1(26), which is the Class I Renewable Portfolio Standard (RPS) eligible energy source definition. The inclusion of this subsection will assure that CEFIA has the ability to support energy sources located in Connecticut that qualify for Connecticut's RPS and thus utilize CEFIA funding to help Connecticut meet its RPS goals. There is currently a subtle discrepancy between CEFIA's "clean energy" definition and that of the RPS. Specifically, CEFIA's hydropower definition relies on the Low Impact Hydro Institute definition, while the RPS definition calls for run-of-the-river hydro that is less than 5MW in size and began operation post 7/1/03. While hydro is a specific example today, there have historically been numerous changes to the RPS qualifying definitions and this proposed modification would capture and better align these definitions going forward.

Section 26 amends section 16-245n of the general statutes in several ways. First, it proposes a name change from CEFIA to the Connecticut Clean Energy Authority. The proposed name change is captured in many instances throughout the bill but, if approved, will need to be captured in all relevant sections. The proposed name change was selected after performing market research, including but not limited to, numerous conversations and surveys with stakeholders and board members seeking a more marketable and understandable organizational identity. The proposed name change retains a link to the former organization while signaling a change in mission and vision as intended by Public Act 11-80. This change will allow the quasi-public entity to better brand itself with capital providers, consumers, and contractors.

Section 26(d)(1) provides an initial clarification regarding CEFIA's quasi-public status and structure. While P.A. 11-80 made references to CEFIA being deemed a quasi-public entity the proposed language contained within better aligns CEFIA with all other quasi-public entities. This language appears to apply to all other existing quasi-public agencies and would confirm CEFIA's status in all relevant statutory references.

Section 26(C) eliminates the prohibition against CEFIA issuing bonds, notes or other obligations supported by the state's Special Capital Reserve Fund (SCRF). SCRF backing will assist CEFIA in utilizing the state's credit rating to access lower cost capital, thus further leveraging private capital to support the deployment of clean energy investment in Connecticut and driving down the costs of deploying these resources locally.

Section 34(a) modifies the CEFIA's Combined Heat and Power pilot program from the original project size limitation of "below 2MW" and proposes raising project size to "below 5MW." We note that Section 46 proposes the same change to DEEP's CHP program. We would suggest that the Committee consider establishing a single CHP program to support projects throughout Connecticut. While CEFIA and DEEP have previously discussed the respective CHP programs as established in P.A. 11-80, CEFIA believes it may be duplicative and thus not necessary to require both entities to offer stand-alone programs. Another reasonable solution might be to require DEEP and CEFIA to jointly establish a single program structure.

Section 56 of the bill establishes a Commercial Sustainable Energy Program (a.k.a. commercial property assessed clean energy--C-PACE). CEFIA is pleased to be included in the proposed language as we fully support this program opportunity and look forward to assisting municipalities in "maximizing the opportunities for accessing public and private funds and capital markets for financing, or secure state or federal funds available for this purpose". This program has the ability to enhance the demand for clean energy through a dynamic financing structure and we are excited to be a part of this effort. We believe our nationally recognized Clean Energy Communities program will provide a natural platform for supporting these municipal-level efforts. We are extremely supportive of the program concept and believe clearly stating that a statewide "PACE" financing district is allowed and desirable may streamline and provide for a more effective and efficient program implementation in Connecticut.

Sections 71, 72, and 73 further address and clarify CEFIA's ability to issue bonds similar to other quasi-public entities. The ability for CEFIA to issue bonds would provide another tool for CEFIA to leverage private capital to further support the State's long-term energy objectives. This new language would empower CEFIA to meet its core mission of attracting private capital to advance clean energy in Connecticut. These sections give CEFIA the ability to issue negotiable bonds, including "clean energy bonds", notes or other obligations; and provide a description of the type of obligations that may be issued, the protections associated with the issuance of such and authorize CEFIA to utilize the state's SCRF commitment.

Finally, Sections 74, 75, 76, 77, 78, 79, and 80 of the bill further address and clarify CEFIA's bonding ability and quasi-public designation. These provisions would significantly enhance CEFIA's ability to attract private capital and thus provide additional opportunities to finance clean energy deployment.

CEFIA is poised to fulfill its role in advancing the new energy, environmental and economic development agenda in Connecticut and believes that the provisions in SB 415 will enable the authority to more effectively support the legislature's and Governor's clean energy vision.

We thank you again for the opportunity to provide comments and please do not hesitate to contact us if you have any questions, comments, concerns, or other considerations, etc.