

CLEAN ENERGY ADVISORY BOARD

DRAFT MEETING MINUTES

January 12, 2023 (Thursday)

11:00AM – 2:00PM

****Meeting was open to the Public ****

Virtual Informational Gathering Meeting

CEAB website hosted at energy.virginia.gov, direct link [here](#)

Recording available [here](#) using the password: VAEnergy1!

Call to Order

Susan Kruse officially called the meeting to order at 11:07 am.

Roll Call

Present: Susan Kruse, Taylor Brown, Carmen Bingham, KC Bleile, Katherine Bond, Sam Brumberg (Virtually), Will Cleveland, William Greenleaf, Kirk Johnson, Douglas Lamb, John Warren

Not present: Kendyl Crawley Crawford, Sarah Nerette, Toni Ostrowski

Virginia Energy Staff: Carrie Hearne, Bettina Bergoo, Aaron Berryhill, Brook Vernon

Resolution for Remote Attendance

Susan Kruse requested a vote for remote attendance by Sam Brumberg to be approved. Katherine Bond made a motion to approve the remote attendance request and Will Cleveland seconded the motion. All members unanimously approved the request.

Meeting Minutes Approved

The meeting minutes from January 12th were reviewed and approved. The motion was made by Kirk Johnson and seconded by William Greenleaf. The vote was unanimous by all members of the board.

Board Officer Election

Susan Kruse requested comment on whether any current officers no longer wished to serve in their position before opening nominations for new members. Susan Kruse stated that she is willing to continue serving as the board Chair unless someone else is interested in the role. A motion was made by Kirk Johnson to re-elect the current slate of officers and committee chairs to continue in their positions for the 2023 year. John Warren seconded the motion. The board unanimously approved the 2023 slate of officers and committee chairs.

Carrie Hearne acknowledged the retirement of John Warren as a member of the board and as the Virginia Department of Energy's Director and thanked him for his leadership. Susan Kruse and other board members thanked Director Warren for his dedicated service with the agency and board.

Status of the CEAB 2022 Annual Report

Carrie Hearne of the Virginia Department of Energy briefed the board on the process for approving the CEAB annual report and alerted the board that one small minor change was made and approved by Chair Kruse, before the annual report was submitted to the Department of Commerce and Trade. Ms. Hearne confirmed that the report should be approved in the next week or two and would then be submitted to the General Assembly. Once submitted, the annual report will be available on the legislative website for review.

Presentation by Virginia Department of Energy and CEAB Discussion on Program Developments

Carrie Hearne presented the recommendations of the Virginia Department of Energy staff on the LMI Solar Pilot and application timing for the EPA Greenhouse Gas Reduction Fund. Considerations were given based on what had been learned after the launch of the RFP from solar developers and to changes made to the overall program structure while considering the overlapping timelines with the new GHGRF opportunity. The benefits and disadvantages of moving forward with a pilot was presented with the acknowledgement that staff capacity and competing priorities could hinder the development of a robust application for the GHGRF if more attention was spent on launching another RFP. During the presentation, next steps and the board's role in the process was discussed. The board agreed that the Virginia Department of Energy should pursue the EPA's Greenhouse Gas Reduction Fund and not re-issue an RFP at this time.

Board Next Steps

The board discussed numerous options before establishing specific goals for the board in the new year. Established goals included the following: 1) committees would begin collaborating with Virginia Department of Energy staff in the development of a Request for Information seeking additional information from key stakeholders, 2) provide guidance and support in the application process for new funding sources (namely, the EPA GHGRF), 3) ensure consumer protections are established and are easily accessible to consumers, 4) address code issues, and 5) design platforms to inform and educate the community on PPA's and expansion of this financing mechanism for LMI Solar.

In addition, a suggestion was made for the board to consider pursuing supplement funding for the long range by creating a Development Committee. Committees are to convene, and Chairs will check in with the Virginia Energy staff for tasks ahead with the goal of establishing meetings before the next board meeting in February.

Public Comment

There was no public comment.

Next CEAB Meeting Established

The next meeting will be held on Thursday, February 23rd at 11 am at a location to be announced.

Conclusion

The meeting adjourned at 12:51 pm.

LMI Solar Program Discussion: Pilot Program Timing and GHGRF Funding Opportunity

Residential Investments in Solar Energy (RISE)

January 12, 2023

Presentation to Clean Energy Advisory Board (CEAB)

Overview of Discussion

- ▶ New EPA “Greenhouse Gas Reduction Fund” (GHGRF) considerations
 - ▶ Inflation Reduction Act, \$7B- \$27B nationally
- ▶ Staff analysis of RFP re-design for Pilot Program
 - ▶ What would be learned if we proceed?
 - ▶ What’s the opportunity cost, re: GHGRF?
 - ▶ Staff capacity for overlapping timelines?
 - ▶ External implications of parallel programs
- ▶ Pilot Program Design
 - ▶ Similarities and Differences from 2022 RFP
 - ▶ Timeline scenario
- ▶ Recommendation and Next Steps

LMI solar pilot: Y or N?

- ▶ What we know
 - ▶ EPA will release the GHGRF \$7B FOA sometime in Feb/March
 - ▶ A lot about the SF LMI solar market in VA due to RFP feedback collected
 - ▶ CEAB focus is on single family owner-occupied LMI solar + efficiency
 - ▶ GHG RF \$7B is focused on LMI solar more broadly, plus other zero emissions tech
 - ▶ LMI PPAs are legal in VA, though there are very few (1?) provider(s) currently
 - ▶ The IRA includes a lot of EE \$ that can help meet EE prereq for 60-80% AMI HHs
- ▶ What we don't know
 - ▶ How EPA will allocate funding (formula/competitive) and relatedly, how important it is to get an application in close to when the FOA is released
 - ▶ Decision from OAG about legality of solar leasing in VA
 - ▶ Details about relevant tax provisions?
- ▶ Educated guesses/Assumptions
 - ▶ EPA will release FOA in March
 - ▶ Allocation to states will be a hybrid of formula/competitive

Key Components of Program

Program Elements Consistent with 2022 RFP

Goal: To provide up to 80 LMI households with solar energy systems that will result in the least cost to homeowners while lowering utility bills and energy burden (cash positive financing in year one).

- ▶ Income requirement at or below 80% of the State Median Income (SMI) or Area Median Income (AMI)
- ▶ Subsidizes \$2 per DC watt for up to 6 kW of solar energy installed
- ▶ Results in year one savings
- ▶ Proof of energy efficiency services, with a Savings to Investment Ratio (SIR) of greater than 1.0
- ▶ Funding available for installation, outreach, marketing, and administrative costs, with additional funding opportunities through CESA
- ▶ Funding mechanisms: loans, PPAs or leases (upon clarification), grants, rebates, loan loss reserve funds (proposals to specify)

Key Components of Program

New for 2023

- ▶ Flexible geographic region(s) anywhere in Virginia, to be specified in proposal, with priority to HEDCs*
- ▶ Expanded options for income verification (such as self-attestation alongside census tract pre-qualification)
- ▶ Allocates marketing funds directly available to contractor
- ▶ Inclusion of information on residential PPAs and REC market in Virginia
- ▶ Additional guidance on household income requirements
- ▶ If third-party ownership is proposed: Information required on how Investment Tax Credit (ITC) benefits would be passed through to or shared with Eligible Customers, including Low Income and Energy Community ITC Adder

**HEDCs = Historically Economically Disadvantaged Communities*

Pros and Cons of Conducting a Pilot Program Now

Conducting the Pilot

▶ *Pros:*

- Funds currently available for the program (\$500k using ARRA funds); begins testing program ramp-up
- Viable funding mechanisms are learned from the pilot; Installer relationships solidified; homes serviced

▶ *Cons:*

- Staff capacity restrictions - less capacity for developing GHGRF program at a critical time
- Uncertainty of residential leases within VA
- No longer term funding pathway is known at this time beyond initial Pilot (certainty cannot be stated until GHGRF funds are secured)

No Pilot

▶ *Pros:*

- Staff can focus on developing a winning GHGRF application and refining program details
- Experience with previous RFP can inform GHGRF application/implementation
- Elimination of market confusion risk of running a “Pilot Program” & launching a new GHGRF Program
- Legislative session and/or Office of Attorney General may offer legislative clarifications on leasing (TBD)
- ARRA Funding could be redirected to administrative support of program development and/or launch

▶ *Cons:*

- VA does not have active LMI solar pilot when GHG RF application is submitted
- Limits Board’s ability to secure additional funding in short term where a match or an established Pilot is required

Recommendations & Next Steps

- ▶ Keep eyes on the prize: focus on preparation for GHGRF
 - ▶ Virginia is in a great position to compete for funds
 - ▶ Funding could be \$150 - \$200 Million if based on state formula
- ▶ Issue a Request for Information (RFI) in Winter/Spring 2023 to learn additional information from lenders, installers, weatherization providers, homeowners and others (as needed)
 - ▶ To address questions or information gap that would have otherwise been learned in an RFP process
- ▶ Leverage consultant services via quick quote or other procurement method to support development of grant application, program design and other administrative processes relating to the program(s) as needed
- ▶ Continue refining RFP language to be used at a later date with GHGRF
- ▶ Clarify roles & responsibilities of Board, Committees and Dept.

Role of the Board

- ▶ Primary advisor to Virginia Energy on funding going into and coming out of the LMI Solar Loan and Rebate Fund
- ▶ Advisory role to Virginia Energy on GHGRF application and related LMI solar and energy efficiency funding opportunities
- ▶ Outreach and engagement with stakeholders as needed
- ▶ Ensure program details are in alignment with Virginia law, and that Virginia law will sufficiently enable the advancement of LMI solar and energy efficiency
- ▶ Seek and secure funding from a variety of sources