

Efficiency Maine Trust

Board Meeting
January 6, 2010

Meeting Minutes
Approved: January 20, 2010

Date: Wednesday, January 6, 2010
Time: 9:00 a.m. to noon
Location: Ballard Room, PUC Offices, Hallowell, ME

Attendance:

Trust Board Members			Efficiency Maine Staff	
✓	Adam Lee, Chair		Dale McCormick	✓ John Brautigam
✓	Naomi Mermin, Vice Chair	✓	Jennifer Puser, representing John Kerry	✓ Jean Guzzetti
✓	James Atwell, Secretary	✓	Glenn Poole	✓ Tim Vrabel
✓	Michelle Atherton, Treasurer	✓	John Rohman	✓ Rick Meinking
		✓	Tom Tietenberg	

Other Attendees:

- Bruce Harrington, ERS
- Linda Pistner, Chief Deputy Attorney General
- Eric Belliveau, Optimal Energy
- Stephen Ward
- Patti Aho
- Carla Dickstein
- Charlie Woodworth
- Cheryl Shattenberg and Dana Stevens, Community Concepts
- Tom Federle
- Jeff Marks
- Michael Stoddard
- Matt Smith
- Jamie Howland
- Dylan Voorhees

1.0 Approve Draft Agenda and Minutes

The meeting convened at 9:07 a.m.

ACTION: Upon a motion duly made (Atwell) and seconded (Rohman) the Board voted unanimously to approve the agenda and the minutes of the December 21, 2009 meeting. McCormick abstained from voting on the minutes because she didn't attend the meeting.

2.0 Work Group Updates

2.1 IT Work Group

Lee reported that this Work Group participated in their first meeting via conference call on January 5. McCormack will lead the effort to keep on schedule and the outreach to consultants and other groups. The conference call included Jules Fishelman from Efficiency Vermont and the Work Group learned a lot about how their organization handles IT. The Work Group is putting together

a matrix of what is currently used by Efficiency Maine, MSHA, CSG, and others. They are also planning to have at least two more calls with other computer software consultants. The Work Group is gathering information and may need to hire someone in the interim, before July 1, to advise the Trust on IT issues.

The primary message from Fishelman was that the Trust needs to establish what systems are currently in use, identify what is needed to support the Trust's full range of programs, including all fuels, and do a gap analysis to determine what is missing from the current systems that needs to be added. McCormick summarized this as doing a 'business needs analysis' and then building a system around that. You can't buy an off the shelf system and make it fit your needs; you need to identify your needs and build a system to fit them.

Brautigam offered Efficiency Maine's existing contractor, GDS, as a resource and will provide McCormick with contact information.

2.2 Executive Director Search – tabled to just before break

2.3 Governance

2.3.1 Amendment to Bylaws. Linda Pistner prepared an amendment to the Bylaws to allow representatives of the Maine State Housing Authority and/or the Governor's Office of Energy Independence and Security to attend Board Meetings representing the designated ex officio Board members from those organizations. The Board discussed this issue and was especially interested in assuring that the designee was limited to a single person to ensure that they were up to speed on the Board's work.

ACTION: Upon a motion duly made (Mermin) and seconded (Lee) the Board voted unanimously to waive the 30-day notice requirement.

ACTION: Upon a motion duly made (Mermin) and seconded (Atwell) the Board voted unanimously to amend the Bylaws to allow the ex officio members to be represented by either their Deputy Director or Legislative Liaison.

2.3.2 Discussion on Possible Administrative Structure Models

Atwell reported that the Governance Work Group held a conference call on Monday (January 4), discussing the structure of the organization and the delivery model options (e.g., the Efficiency Maine model using contracts vs. Vermont model using internal staff). The Work Group believes that they will not immediately go to a full staff but that they will be considering options.

3.0 Discussion on Extension of Efficiency Maine Contracts

John Brautigam provided two existing, large contracts to the board for their information. The largest portion of the contract funds is the delivery contract (ERS); the smaller portion is marketing (Burgess Advertising). At the meeting Brautigam also provided a list of the contracts in place with Efficiency Maine. Mermin commented that the concern is the short time frame to have a new delivery contract in place by July 1. It is not the Board's intention to go out to bid, however, the Board would like to send appropriate messages to the market to reflect the direction of the Triennial Plan. She recommended that in February a small group work with Brautigam to develop an appropriate extension of the contract. This will provide continuity, but also allow some flexibility.

Mermin also commented that she felt it was not imperative to have a marketing contract in place July 1 and that the Trust may want to pursue a different marketing direction. The board and the Executive Director will revisit this later in the spring.

ACTION: Upon a motion duly made (Rohman) and seconded (Mermin) the Board voted unanimously to go into executive session at 9:40 a.m. to discuss the Executive Director search and receive information from Linda Pistner.

ACTION: At 10:20 a.m. Lee brought the Board out of Executive Session.

4.0 Triennial Plan Development

Mermin explained that the Triennial Plan Work Group would like to have focused discussions at the next three meetings on each program 'bucket' (i.e., Commercial and Institutional, Residential, Industrial) to begin to focus development of the Triennial Plan. The Work Group is having a series of meetings themselves, each focused on one of the program groups, and will follow those with the focused board meetings.

Mermin announced that the 'Strawman' is complete and up on the website. She urged people to look at this document to begin to develop feedback for the Triennial Plan process. Stakeholder meetings are scheduled and listed on the website, along with a list of possible questions to be discussed at the meetings.

Today's Board Meeting discussion focused on Commercial and Institutional efficiency programs.

There is a definition discrepancy in that Efficiency Maine refers to "C&I" as Commercial and Industrial programs, and the Strawman refers to C&I as Commercial and Institutional, with a separate category for Industrial programs. The Trust will work out the definition of these categories for the Triennial Plan; however, this discussion was on Commercial and Institutional programs.

Efficiency Maine already has a successful base of Commercial and Institutional programs delivered by their ally partners. Brautigam explained that it is important to distinguish between programs under existing funding and programs requiring new funding. It will be

important that the Triennial Plan provides for continuing programs under existing funding while looking ahead to more aspirational programs.

Currently Efficiency Maine has several programs that are successful and plans to expand them to reach more customers. The Board and meeting participants discussed some of these programs as follows:

Direct Install and On-Bill Financing Programs

Efficiency Maine is currently doing a study on the feasibility of instituting an “on-bill” financing program. The report is due January 15 and will be sent to the Board. The theory behind on-bill financing is that cost savings achieved through energy efficiency improvements would offset the fee on the customer’s electrical bill. Barriers include how to get the fee into the utility’s computer billing system. The benefits are that it is easy for small business owners to get involved, they require little financial outlay, and consultants provide the expertise.

Direct Install programs are based on an established menu of measures, with fixed prices. They are standard installations and the economies of scale make them less expensive programs to run. They also reduce the cost of servicing the small business community, which is very heterogeneous.

Atwell inquired about how the program works, how the money flows, in these programs. Belliveau explained that his firm has just completed a study of ten Direct Install programs. Incentives under these programs ranged from 30 to 100 percent of the installed costs. Only three of these programs included on-bill financing. Participation is a large issue and the size of the incentive has a direct effect on the level of participation. Data from Vermont shows that they received 92 percent acceptance with 100 percent cost coverage. When cost coverage dropped to 72 percent, participation dropped to 60 percent.

Lee asked for a summary of the Optimal study.

Mermin reminded the group that the statute requires that 20 percent of funding from the System Benefit Charge (SBC) go to small businesses; however, the definition of “small” is inconsistent between organizations and from state to state. Belliveau noted that the definition varies depending on the amount and size of industry each state. Currently Efficiency Maine defines “small businesses” as having fewer than 50 employees; however, the number of employees does not accurately reflect energy use. The trust will need to work toward a definition.

Although the small customer class is often referred to as “homogeneous,” the types of businesses are not. Homogeneous refers to the fact that small business efficiency projects are focused on lighting because this is the biggest portion of their electrical load. Small customers have up to 80 percent of their electrical load in lighting compared to industrial customers who have as little as 40 percent of their load in lighting.

For Efficiency Maine's pilot program, they are looking at customers in the range of 20 to 50 KW. Harrington noted that current programs do not reach these customers because they don't attract contractors to provide them; there is no profit. Contractors can make a profit with economies of scale under a large program.

Harrington also noted that regardless of the level of incentives or means of financing, the cost/benefit analysis or societal benefit test result remains the same.

Lost Opportunities

Commercial New Construction: Harrington described Efficiency Maine's new program, named Maine Advanced Buildings, which is a core performance of thirteen prescriptive measures that, if incorporated, will provide 20 percent efficiency savings over code. It is currently being rolled out to A&E firms across the state; five projects, under construction, have agreed to participate. There has always been a new construction incentive program; however, it was prescriptive. The new program is comprehensive, and requires meeting with Efficiency Maine at design and concept stages. Incentives are \$1 per square foot. This program meets the first level, above the threshold, for LEED certification in the energy efficiency area. Maine's program is for buildings under 100,000 square feet.

Belliveau commented that core performance is a good program, but it is tough to get wide penetration because you need to get involved early. He feels that it is a small portion of getting to Efficiency Maine Trust's goals. He believes that typically only 5 percent of program savings may come from commercial new construction. If 20 percent of new starts participate in program, that is an excellent achievement. If you increase the standard you get less participation. However, once in the door you may be able to get them to do more and achieve more savings. You can implement a tier approach to incentives that provides higher incentives for measures that achieve higher savings.

DEFINITION - Commissioning: Making sure that the systems and equipment in the building work as designed. For example, making sure the HVAC airflow systems are working properly. McCormick noted that the Maine State Housing Authority's program includes the building envelope. Harrington noted that the building envelope is one of the systems that is checked. Commissioning under this program does not include the behavioral component (i.e., making sure that people actually use the programmable thermostat is being programmed correctly).

Ward asked what happens when lighting improvements become standard operating procedure, when you have transformed marketplace (i.e., when CFLs become standard). Harrington replied that you move to other measures. You need to have an early influence on design decisions, at building conception not just construction.

Mermin noted the discussion in the Strawman of using a "stretch code" to achieve more savings. If higher codes are the law, you may not need to incent the measures. Is there a

way to incent municipalities to pass more stringent codes and enforce them? However, this may create conflict between towns with a stretch code vs. those without who are trying to attract new commercial construction.

DEFINITION: ASHRAE: American Society of Heating, Refrigeration, and Air Conditioning Engineers.

McCormick noted that the new statewide building code in Maine applies to every town, and was implemented in some towns as of January 1, 2010 and will be required of all towns in 2012. At that time the current program will not be above code and program design may need to be modified. Harrington noted that program design is ongoing depending on economics, market conditions, the level of incentives needed to get participation, and technology developments.

Account Management

Harrington explained that there is a continuum, from small customers needing small direct install measures, to large customers with more complex systems that require more resources and complex solutions. Account Management is what is required to get beyond lighting. You need more personnel to provide that service but the savings can be big. Atwell asked whether this is counterintuitive because larger facilities will have staff whose job it is to find improvements and provide recommendations to management. Harrington explained that the large facilities have the internal expertise on their own systems, but do not know what incentives are available and how to apply for them. Poole agreed with this assessment.

The board concluded this topic with the following comments and questions:

- Tietenberg noted that the “all fuels” aspect of the Trust’s charge changes the game and really needs to be considered. Programs need to move in different directions to incorporate options for non-electric fuels and alternative energy sources. Mermin suggested that the Board add the all fuels topic to the agenda of a subsequent meeting and that this topic will be important when residential programs are discussed at the next meeting.
- Ward noted that with electricity it is easy to estimate avoided costs. How do you estimate savings when switching from fossil fuels to an alternate? Belliveau noted that the Board needs to make a firm decision on future pricing for fossil fuels in order to assess the value of fuel switching.
- Mermin asked for public comment but there was none offered at this point.

5.0 Briefing on ENE Study of Economic Impact of Efficiency Programs

Jamie Howland, of Environment North East (ENE), provided a briefing on their study of the economic impact of energy efficiency programs. Please see the presentation PowerPoint (available as a separate link on www.energymainetrust.org) for more information.

A primary finding of the ENE study was: The direct investment in energy efficiency represents only a small portion of the economic impact. The vast majority of the economic impact from energy efficiency investments is realized over the life of the upgrade as money saved on “energy cost” is re-spent in the economy with a dramatic multiplier effect. This is in contrast to the general perception that the economic benefit is related primarily to the direct investment.

Tietenberg noted that there has been discussion related to diverting some RGGI money to programs other than energy efficiency. Tietenberg suggested the Trust keep in mind the findings of the ENE study as it relates to the dramatic economic impact of energy efficiency investments.

6.0 New Business

Tietenberg noted that there would be a press conference this afternoon announcing awards under the Large Impact Fund grants funded by RGGI and ARRA.

9.0 Public Comment

11.0 Next Meeting

Wednesday, January 20, 1:00 p.m. to 4:00 p.m.
Maine Public Utilities Commission Office, Hallowell

12.0 Adjournment

ACTION: Upon a motion duly made (Tietenberg) and seconded (Mermin), the Board voted unanimously to adjourn the meeting at 12:07.