

**Efficiency Maine Trust
Board Meeting Minutes
November 16, 2016**

Trust Board Members:

- David Barber, Chair
- Herbert Crosby (by phone)
- Kenneth Fletcher, Vice Chair
- Al Hodsdon
- Don Lewis, Secretary
- David Stapp (by phone)
- Patrick Woodcock

Efficiency Maine Trust (EMT) Staff:

- Emily Cushman
- Peter Eglinton
- Greg Leclair
- Laura Martel
- Anne Stephenson
- Michael Stoddard

Other Attendees:

- Michelle Marean, DNV-GL
- Dot Kelly, Phippsburg Conservation Commission

1.0 Welcome and Introductions

Mr. Barber called the meeting to order at 9:33 a.m.

2.0 Approve Agenda and Minutes

ACTION: Upon a motion duly made (Mr. Lewis) and seconded (Mr. Hodsdon), the Board voted unanimously to approve the agenda and the October Board Meeting Minutes.

3.0 Public Comment on Agenda Items

The public did not offer comments.

4.0 Executive Director's Report

Mr. Stoddard summarized and distributed copies of the Executive Director's Report. Following are items highlighted during his presentation:

- Mr. Stoddard mentioned the good turnout for the recent Building Operator Certification continuing education course.
- Mr. Stoddard provided an overview of current discussions and proceedings at the Public Utilities Commission (PUC), covering low-income programs, voltage optimization, and stranded investments for transmission and sub-transmission

(T&ST) customers. Mr. Stoddard also mentioned that some bundles of refrigeration measures under consideration as part of the Triennial Plan have been removed because at current project costs and energy savings they are not cost-effective.

- Mr. Stoddard summarized activity in the C&I Prescriptive program. He noted that it has taken several months to rebuild the project pipeline after the prior year's suspension during which no new applications were accepted, and that Staff has been active to increase program participation. Monthly electricity project activity is approaching the desired target levels, while activity in heating measures, in particular natural gas measures, has been limited. Staff is exploring moving heating measure incentives to midstream discounts in order to capture more opportunities related to emergency replacements. Mr. Hodsdon asked if limited program activity might also be due to relatively lower current energy costs. Mr. Woodcock suggested soliciting feedback from heating contractors for additional ways to reach potential customers. Mr. Stoddard added that Staff is exploring whether there are improved opportunities for investing natural gas funds through the C&I Custom Program channel than is presently being experienced through the C&I Prescriptive Program channel.
- There are 28 new projects in the Custom Program pipeline.
- The Small Business Initiative got underway in earnest in September; there are a number of pending projects at various stages of implementation.
- Participation in the Home Energy Savings Program has been steady; heat pumps are now averaging 600 incentives per month. Mr. Woodcock asked if the continued interest in heat pumps might mean that an incentive is no longer necessary. Mr. Stoddard replied that heat pumps are a topic of evaluation this year and that the evaluation results will provide information on free riders, spillover, realization rates, and more. Most heat pumps sold in New England perform at the standard efficiency level and the Trust rebates are designed to move customers from the standard to highest efficiency models. Mr. Hodsdon added that the rebate amount is calibrated to the incremental price difference between the standard and high-efficiency model prices as opposed to the fully installed cost. This modest rebate level would tend not to encourage costly retrofits, but rather to limit the program's impact to lost opportunities where a customer has already made the decision to purchase an electric supplemental heating system.
- Retail LED sales to date are down significantly compared to last year, although sales are growing as new SKUs are added to the program. The heat pump water heater rebate is currently at \$500.
- The Innovation Working Group will convene this week to discuss innovation projects for the year ahead.
- The Trust has recently hired two new staff members: Nat Blackford (Program Assistant) and Jack Reardon (Research and Data Analyst).

5.0 Committee Report

(a) Finance Committee

i. UPDATE on Financial Reports Year-to-Date

Mr. Leclair briefed the Board on expenditures and revenues to date. Mr. Leclair mentioned that the RGGI proceeds are below estimates and the fiscal year projections will be reviewed after the next quarterly auction in early December. All other funding sources are trending as anticipated. Most electric procurement quarterly payments have been received.

ii. Review on Rationale for Reserve Funds

Mr. Leclair reviewed the methodology for setting aside a “reserve” amount of fund balance, as detailed in his memo dated November 9, 2016. Mr. Leclair summarized the multi-step approach that assessed the predictability of revenues associated with each funding source, timing of when revenue payments are received, and other pertinent information. Mr. Leclair gave a brief outline of the approach taken for the electric and natural gas procurements, RGGI revenues, FCM, and other funds.

Mr. Lewis asked how this approach relates to the Triennial Plan. Mr. Stoddard answered that that carryforward will be subject to a discussion at the PUC. For example, carryforward over 1/12th of the prior year’s budget may be applied to the next year’s budget and netted out of the next year’s procurement.

Mr. Woodcock asked how the Board and Staff might avoid the use of RGGI funds for electric efficiency projects. Mr. Woodcock mentioned that he hoped to avoid investing RGGI funds in lighting projects. Mr. Stoddard pointed out that discussions at the PUC around approval of the Third Triennial Plan have clarified that in the future, if it appears that electricity-saving programs are exceeding the modeled expectations and likely to go over budget, there is a mechanism for the Trust to return to the PUC to seek approval for a budget increase. This should mitigate the need for tapping RGGI funds to help pay for electricity-saving programs

Mr. Woodcock added that in the unlikely event that an accumulation of RGGI funds should occur, he preferred that those funds be invested in “all fuels” solutions. Mr. Woodcock suggested that in order to ensure the RGGI fund investments are discussed at the Board level that a transfer of RGGI funds for electrical efficiency projects require a 2/3 vote of the Board. Mr. Stoddard reminded the Board that the statute indicates that RGGI funds can be invested in GHG or electric-saving measures.

ACTION: Upon a motion duly made (Mr. Woodcock) and seconded (Mr. Lewis), the Board voted unanimously to require that a 2/3 vote of the Board for budget adjustments that redirect RGGI funds to electricity-saving projects.

(b) Program Committee

i. APPROVE FY2016 Annual Report

Dr. Stephenson and Mr. Eglinton presented an overview of the FY2016 Annual Report and FY2017 plans. Mr. Lewis asked clarifying question on the distinction between administrative and program delivery costs. Mr. Woodcock asked if the lifetime energy benefit numbers could be presented as rounded numbers to indicate variability in future energy prices. Mr. Stoddard replied that the Staff tries to follow that approach when describing results in the narrative or in other documents, however exact numbers provided in the summary tables in the Annual Report are necessary to help the PUC staff in their review of the results, allowing them to reverse engineer and verify the Trust's calculations.

Mr. Stoddard discussed the section of the report where the Board might include any legislative recommendations that the Trust wished to convey at this time. The Board did not have any legislative recommendations to include in the report.

ACTION: Upon a motion duly made (Mr. Fletcher) and seconded (Mr. Hodsdon), the Board voted unanimously to approve the FY2016 Annual Report, with any changes discussed and adopted at the Board meeting, as well as any non-substantive typographical edits or computational corrections as may be required prior to submission to the Public Utilities Commission and Legislature.

ii. REPORT on Non-Transmission Alternatives

Mr. Stoddard provided an overview of Non-Transmission Alternative (NTA) programs in other states and the history of NTA discussions in Maine, beginning with Central Maine Power's MPRP proceeding. Mr. Stoddard reminded the Board of the Trust's participation in the Boothbay Harbor NTA pilot. The discussion then turned to the current NTA Coordinator process at the PUC where there is a draft RFP under discussion.

Mr. Fletcher asked if the NTA Coordinator would want a guaranteed rate of return. Mr. Stoddard added that another question under consideration is who would own NTA assets. Mr. Stoddard also mentioned that, as the discussion proceeds, the Staff and Board will discuss what role the Trust might play in the NTA coordination and installation of efficiency measures as part of future NTA efforts.

Mr. Woodcock asked about the current level of communication between the utilities and the Trust on areas of grid constraints and suggested that the Trust target areas of grid constraint as part of regular program delivery. Mr. Stoddard said that measures outside of MACE might be cost effective in an area of grid constraint. To get all cost-effective energy efficiency in that particular area, the Trust would need to conduct additional analysis. Mr. Fletcher added that to acquire those efficiency resources there would need to be additional funding for the administration and delivery of NTAs.

6.0 New Business

Mr. Woodcock announced that he was leaving his position as the Director of the Governor's Energy Office. Mr. Woodcock added that he was proud of his work with the Board and the Trust staff. Mr. Barber thanked Mr. Woodcock for his service. Mr. Stoddard thanked Mr. Woodcock for his work on the Board.

Mr. Stoddard mentioned that Mr. Fletcher's conflict on the last Wednesday of the month has ended and the Staff recommends returning to meeting on the fourth Wednesday of the month beginning in 2017, and the Board members indicated that they were agreeable to this schedule.

7.0 Next Meeting Agenda and Scheduling

The next Board meeting is scheduled for December 14, 2016.

ACTION: Upon a motion duly made (Mr. Barber) and seconded (Mr. Lewis), the Board voted unanimously to adjourn the meeting at 12:05 pm.