

**Efficiency Maine Trust
Board Meeting Minutes
June 28, 2017**

Trust Board Members:

- David Barber
- Brent Boyles (via phone)
- Herbert Crosby
- Kenneth Fletcher
- Al Hodsdon
- Don Lewis
- Angela Monroe

Efficiency Maine Trust (EMT) Staff:

- Nat Blackford
- Ian Burnes
- Bridget Doxsee
- Peter Eglinton
- Dana Fischer
- Greg Leclair
- James Leyko
- Laura Martel
- Andy Meyer
- Michael Stoddard

Other Attendees:

- Jessi Baldic, DNV GL
- Bill Bell, Maine Pellet Fuels Association
- Dot Kelley, Phippsburg Energy Commission
- Josh Tuller, Maine Energy Pros, Inc.

1.0 Welcome and Introductions

Mr. Fletcher called the meeting to order at 9:30 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 May Board Meeting Minutes.

3.0 Public Comment on Agenda Items

Mr. Bell announced that the Maine Pellet Fuels Association is moving away from promoting pellet-fired heat as “thermal biomass” and will instead be using the term “automated wood heat.” Mr. Bell also informed the Board about a Maine Forest Service (MFS) grant that will involve outreach to managers of public buildings about biomass heating. Finally, Mr. Bell highlighted Maine Energy Systems’ work in developing a pellet boiler that co-produces electricity using a Stirling engine.

Ms. Kelly shared that that the town of Phippsburg is collaborating with the Bath Climate Action Team on window inserts. The group is exploring the possibility of bundling other

energy measures (e.g. LEDs, low-flow showerheads, aerators) with these projects. It is also monitoring research on the impact of window inserts on the building envelope.

4.0 Executive Director's Report

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

- EMT staff has been wrapping up FY2017 and preparing for FY2018. This has involved reviewing program designs and budgets, looking to see if there are any new technologies that should be addressed, and exploring new marketing strategies.
- EMT continues to work with communities to raise awareness around energy issues and to help them leverage EMT's incentives. This month Mr. Fischer spoke to participants in the Casco Bay Heat Pump Challenge – an initiative of a coalition of municipalities to increase the installation and use of heat pumps.
- The Maine Supreme Judicial Court ruled in favor of the Public Utilities Commission (PUC) decision approving EMT's Triennial Plan III. The decision had been appealed by the Conservation Law Foundation.
- Mr. Lewis questioned the effectiveness of the Call Center appliance rebate survey, noting that that 613 calls yielded 33 completed surveys. Mr. Fischer explained that this is a respectable ratio for a cold-call survey containing several questions.
- Mr. Stoddard noted that the PUC rejected the proposed settlement regarding EMT's Low Income Initiatives based on two specific elements: the proposed criteria for determining low-income eligibility and the assumptions and methodology for calculating the benefit of secondary energy savings. EMT plans to resubmit a settlement proposal after removing these two elements. Mr. Stoddard also reminded the Board that EMT is looking for one or more additional Board members, in addition to the representative from the Governor's Energy Office, to join the Low-Income Advisory Group that is envisioned in the proposed stipulation.
- Mr. Stoddard also updated the Board on the Summit Natural Gas conservation programs. The PUC decided not to require Summit to revise its current rate plan, as per the PUC staff's recommendation in the Revised Examiners' Report. EMT plans to work closely with Summit to ensure uniformity, coordinating incentive levels and customer communications. Mr. Stoddard noted that the PUC also decided that natural gas conservation dollars may not be used exclusively to fund conversion measures absent any cost-effective efficiency gain.
- Mr. Stoddard reported that the Commercial and Industrial (C&I) Prescriptive (CIP) Program will not expend its full natural gas budget in FY2017. To boost uptake, EMT Staff initiated midstream discounts at HVAC and water heating equipment distributors. This approach simplifies administration and removes the need for customers and contractors to float the costs for energy efficiency measures. Mr. Lewis expressed concern that the contractor might capture

incentive benefits instead of the customer. Mr. Stoddard explained that contractors stand to gain a competitive advantage by passing the lower costs on to customers. Ms. Monroe asked if this approach requires higher incentive levels. Mr. Stoddard explained that EMT provides distributors with a small administrative fee to compensate them for additional paperwork requirements. Mr. Hodsdon asked if EMT is targeting professionals such as lighting designers, who can specify certain types of equipment for projects. Mr. Stoddard explained that the lighting designers are part of the Qualified Partner network. Mr. Fletcher suggested having Mr. Meinking come to a future board meeting to explain the process behind larger lighting jobs.

- The C&I Custom Program Review Committee screened a number of combined heat and power (CHP) projects in June. These projects received increased scrutiny, including applying the Participant Cost Test to factor in maintenance costs, incentives, and retail energy prices. Several projects applications did not ultimately pass the cost-effectiveness test. EMT expects CHP to be a limited part of the Custom program in the future, especially as the incentives are now reduced from earlier levels.
- Mr. Stoddard pointed to a number of administrative developments in June. The annual audit of EMT finances is now underway and will continue over the summer. In addition, supervisors completed a number of performance evaluations of Trust staff. Finally, Mr. Stoddard announced that Karen Bickerman will retire on June 30 after 13 years working of working to support Efficiency Maine programs.

5.0 Committee Report

(a) Finance Committee

i. REPORT on Monthly Revenues and Expenditures Report

Mr. Leclair reported that revenues are coming in as expected, with minor differences in Regional Greenhouse Gas Initiative (RGGI) (slightly lower than forecasted) and Forward Capacity Market (FCM) (higher than forecasted). Mr. Eglinton highlighted a number of issues on the expenditure side. The Home Energy Savings Program (HESP) will likely fully expend its RGGI budget by the end of the fiscal year. Mr. Eglinton reminded the Board that factoring encumbrances into the Maine Advanced Building (MAB), Custom and CIP programs presents a more accurate picture of the expended budget.

ii. UPDATE on RGGI Auction Results

Mr. Burnes reported that the fourth quarter RGGI auction proceeds were approximately \$1.3 million. He noted two positive signs from the auction: (1) all the credits were sold, and (2) 15% were sold to non-compliance entities, suggesting investor confidence that the market for RGGI credits will recover. EMT is currently forecasting that, absent any policy changes for the next compliance period (beginning

2020), prices will continue to decline at 12% annually until they hit the floor price. Mr. Stoddard said that he expects member states to arrive by the fall at a consensus to continue the market. States will then need to pass individual laws and go through rulemaking processes to implement the policy, adding additional delay. Ms. Monroe confirmed that Mr. Stoddard's assessment was consistent with the last report she saw.

iii. APPROVE FY2018 Budget Adjustments

Mr. Stoddard explained that the Staff's original recommendation was to change the budget to account for RGGI shortfalls and to transfer RGGI funds from the C&I Custom and MAB programs to HESP. However, given that LD 1313, the legislation authorizing the Board to change the set-aside for Affected Customers and to allocate the remaining RGGI funds according to Trust priorities, has not yet become law, it would be unwise to pursue the Staff recommendation at this time. Therefore, the Staff instead recommended that the Board issue a directive to the Staff to manage the existing budget in accordance with the expectation that will LD 1313 will eventually be passed and to bring the issue back to the Board at the next meeting by which time the bill's fate will be known.

ACTION: Upon a motion duly made (Mr. Hodsdon) and seconded (Mr. Lewis), the Board voted unanimously to authorize the Staff to follow the Staff recommendations and plan to conserve RGGI funds in the C&I sector so they can be redeployed to HESP in the future.

(b) Program Committee

i. REPORT on LED Price Elasticity Study

Mr. Leyko gave an overview of the LED Price Elasticity study. EMT decided to conduct a new price elasticity study to inform incentive levels during the Triennial Plan III period. The results of the study will be filed with the PUC and reflected in future Technical Reference Manual (TRM) updates.

The study found that as the incentive on screw-in LEDs increased (and the purchase price to the customer decreased), the sales of bulbs went up in a non-linear fashion. The study also found that stores are more likely to place products that have been more aggressively discounted in more advantageous locations (e.g., end caps, aisle displays, etc.). Finally, the data show that greater discounts lead to lower freeridership rates and that lower discounts lead to higher freeridership rates.

Mr. Barber stated that his company commissioned similar studies for food products, noting that they proved extremely accurate. Mr. Lewis asked about the differences in bulb prices between manufacturers and retailers. Mr. Meyer explained that the bulb prices are a result of a three-way negotiation, and that the negotiations often result in slightly different prices. Mr. Fletcher asked about the impact of long-lasting LEDs on bulb turnover. Mr. Burnes explained that a large percentage of lights that are currently operating are not LEDs; EMT is not concerned about LEDs reducing the demand for replacement bulbs in the near future.

ii. REPORT on Low-Income Home Energy Saving Program (LIHESP)

Mr. Fischer gave an overview of the LIHESP program incentives and eligibility requirements. For a \$50 customer copay, the program offers an “Energy Upgrade Bundle” comprising an energy audit, six hours of air sealing, LED bulbs, low-flow devices (with the option of providing an additional air sealing or insulation measure in special circumstances). After completing the bundle, customers also are eligible to receive elevated incentives for insulation (\$1000 per zone up to \$3000) and ductless heat pumps (80% of the installed cost up to \$2000). Because the program leverages RGGI and MPRP funds, it does not have the same customer eligibility requirements as ratepayer-funded low-income programs. The program has been ramping up this year; over 500 homes have participated in dozens of towns across the state. Mr. Fischer noted that interest in ductless heat pumps seems to be driving demand in basic weatherization. Additionally, the small copay helps create a sense of investment on the part of the customer, ultimately increasing the likelihood of proper heat pump use.

Mr. Hodsdon asked what percentage of participating homes are mobile homes, noting that contractors need to have a special mechanics license to work on those homes. Mr. Fisher said that mobile homes represent approximately 80% of participating homes, and information on special license requirements is included in contractor webinars. Mr. Hodsdon also asked about the financial benefits of these projects to households. Mr. Fischer said that data from Rockland indicated an average saving of approximately 130-150 gallons of oil per year.

iii. UPDATE on Legislative Session Issues and Outcomes

As time had expired, Mr. Stoddard indicated he would provide an update of the legislative session and the bills that concern EMT at the next Board meeting.

6.0 New Business

The Board will need to make a decision concerning precise RGGI budget adjustments at an upcoming meeting.

7.0 Next Meeting Agenda and Scheduling

The next Board meeting is scheduled for July 26, 2017.

ACTION: Upon a motion duly made (Mr. Lewis) and seconded (Mr. Hodsdon), the Board voted unanimously to adjourn the meeting at 12:19 p.m.