

**Efficiency Maine Trust**  
**Board Meeting Minutes**  
**May 22, 2013**

**Trust Board Members**

James Atwell, Chair	Patrick Woodcock
Al Hodsdon, Vice-Chair	John Gallagher
Naomi Mermin	John Rohman
Brent Boyles	David Barber
Doug Smith	

**Efficiency Maine Trust (EMT) Staff:**

- Michael Stoddard
- Constance Packard
- Elizabeth Crabtree
- Dana Fischer
- Paul Badeau
- Lucia Nixon
- Anne Stephenson

**Other Attendees:**

- Beth Nagusky, ENE
- Lisa Smith, Governor's Energy Office
- Dylan Voorhees, NRCM

**1.0 Welcome and Introductions**

Mr. Atwell called the meeting to order at 9:35 a.m. The Board and attendees introduced themselves.

**2.0 Approve Draft Agenda and Minutes**

**ACTION:** Upon a motion duly made (Mr. Hodsdon) and seconded (Mr. Rohman), the Board voted unanimously to approve the draft agenda. Upon a motion duly made (Mr. Hodsdon) and seconded (Mr. Barber) the minutes from the previous meeting were unanimously approved with Mr. Rohman abstaining because he was absent from that meeting.

**3.0 Public Comment**

**3.1** Mr. Voorhees shared that the Energy, Utilities, and Technology committee is working on an omnibus bill that includes LD 1426, the bill he shared at the previous board meeting. Mr. Voorhees mentioned that the process of merging a number of different bills, including two that address natural gas pipeline constraints, has been productive. The energy efficiency components of the bill bring Efficiency Maine funding close to the

PUC's recommended level of funding from the Triennial Plan process. The legislation modifies RGGI spending and returns 15% of RGGI revenues as rate relief, and requires that 35% of RGGI revenues be invested in residential heating solutions.

**3.2** Ms. Nagusky added that there are non-transmission alternatives included in the omnibus bill and that the transmission component of electric bills is the fastest rising component of electric prices. Non-transmission alternatives include energy efficiency, demand response, and distributed generation. Ms. Nagusky also mentioned that CMP has begun a rate case at the PUC which includes significant rate design changes.

#### **4.0 Executive Director Report**

Mr. Stoddard began his report with a legislative update. He outlined the key components of the omnibus bill as they relate to Efficiency Maine:

- Clarifying that among the purposes of the Trust and the Triennial Plan are reducing costs through “energy” programs in addition to “energy efficiency” programs;
- Allocating 35% of the RGGI funds to home heating solutions; 50% to other programs including thermal savings for C&I customers; and 15% for use by the PUC which, in its discretion, will provide the maximum economic benefit to ratepayers (e.g., targeted refunds);
- Clarifying that the “targets” of the Triennial Plan are aspirational and adjusting them to be closer to what is known to be achievable;
- Amending the process for approving the funding of electric conservation programs (through SBC assessments) to match the approach of other states;
- Requiring utilities to offer options to municipalities for street lighting;
- Approving the system benefit charge assessment recommended by the PUC in its order approving the Triennial Plan, but cancelling the collection of this assessment in the event that 55% of Maine Yankee settlement payments (from the federal government) are directed to Efficiency Maine during the next 2 years; and,
- Approving the Long Term Contract between Efficiency Maine and the IOU utilities as recommended by the Public Utilities Commission.

Mr. Atwell asked what provisions exist in the bill if the Maine Yankee funds fail to come to Efficiency Maine. Mr. Smith asked if the Maine Yankee settlement was final. Mr. Stoddard answered that the settlement is final but the exact process by which the funds will be returned to Maine utilities has not been determined. Mr. Woodcock added that the court case determined that the funding will be returned to rate payers, and that the legislature is directing the PUC to return some of those funds through Efficiency Maine. Mr. Stoddard added that there are provisions in the bill to direct the PUC to make an assessment if Maine Yankee funds are not allocated to Efficiency Maine. Mr. Boyles mentioned that there are a number of Yankee settlements and this case is one of many.

Mr. Stoddard invited Mr. Woodcock to add to the discussion of the omnibus bill. Mr. Woodcock shared that the Governor's Office has concerns with the bill as it stands but

that there was true consensus around using 35% of RGGI funding on mitigating heating costs. Mr. Woodcock added that the Governor's Office would prefer to require that the legislature approve any increases in assessments to acquire efficiency resources; he added that the Governor feels strongly that 65% of RGGI funds be returned directly to ratepayers. Mr. Woodcock continued by adding that there are significant elements of energy policy that are unaddressed by the omnibus bill including the wind energy act and the 100 MW limit on the RPS. Mr. Stoddard added that there have been a number of renewable energy bills heard this session, including one to re-establish the solar rebate program. That program budget has been maintained by federal dollars since the rebate assessment ended and those funds will soon be fully expended.

Mr. Hodsdon asked if the omnibus bill included an extension of the Bangor Hydro ductless mini-split pilot and mentioned that the expansion of natural gas in the Kennebec Valley and elsewhere will require Efficiency Maine to have a conversation about incentives for heating conversions. Mr. Stoddard replied that the pilot extension is proposed to be amended onto the bill and that it will be a busy and challenging year for EMT to design programs that best take advantage of the conversion moment. Mr. Stoddard added that in the Summit rate design case, the utility collaborated with Efficiency Maine to design incentives that rewarded homeowners for choosing the most efficient systems. Efficiency Maine must be ready to be helpful as homeowners are making these choices.

Ms. Mermin added that the PACE loans are an important opportunity for homeowners considering efficient conversions as they reduce the need for upfront capital and more aggressively marketing PACE might be one way to meet this need. Mr. Woodcock asked if a strict conversion would count for PACE financing. Mr. Stoddard answered that PACE loans must meet a minimum 20% energy savings. That 20% energy savings is based on DOE requirement from the Better Buildings funding source. However, there are no limitations on how the 20% savings requirement is met, nor any restriction on what equipment may be bundled into the overall project.

Ms. Mermin added that natural gas expansion also includes cogeneration opportunities and it would be valuable to map those opportunities in conjunction with the large customer program. Mr. Woodcock continued that air sealing is very cost-effective and that at current rates, a strict oil to natural gas conversion is comparable in dollar savings. He asked how Efficiency Maine can best help people make that investment in natural gas. Mr. Gallagher asked if the Department of Energy had placed restrictions on fuel switching since federal funding restricts MaineHousing's ability to implement fuel switching projects. Mr. Stoddard answered that the only restriction for the PACE program is a net savings in energy. Mr. Stoddard reiterated that the next few months will be an important time for the board and staff to contemplate how to best support homeowners making fuel-switching decisions.

Mr. Stoddard concluded the Executive Director's report by congratulating Dana Fischer for being invited to speak at a recent Department of Energy Conference. At that conference, Efficiency Maine was the recipient of two awards. The first for "dedication

to expanding energy efficiency in its community, improving the market for building energy upgrades, and achieving lasting impacts through the Efficiency Maine Multifamily Program.” The second commended the lasting impacts through Efficiency Maine’s Residential PACE program. Mr. Stoddard added that the awards are a credit to the board and staff for the crafting and management of those programs.

Mr. Atwell asked Ms. Crabtree for a brief update on the RFP awards. Ms. Crabtree described that 12 RFPs were issued in the spring and 10 have been awarded: Large Customer Program, EECBG Video Production, Energy Efficiency Education and Training, Call Center Services, Low Income Weatherization Program Delivery, Renewable Demonstration Projects, Multifamily Program Evaluation, Residential Retail Products Program Delivery, Innovation Program, and Business Incentive Program. Ms. Crabtree shared her thanks and that of the staff to the board members who participated in the RFP evaluation process. Mr. Stoddard added that the biggest change is in the Business Program delivery; that contract was awarded to GDS Associates a former subcontractor to the current delivery team. He added that GDS bid substantially lower than other bidders. Ms. Mermin added her congratulations to staff for taking advantage of competitive bidding to reduce costs, which is a challenging decision to make and reflected the growing expertise of the Efficiency Maine staff.

## 5.0 Committee Reports

### a. Finance Committee

#### i. **APPROVE** Budget Transfer within DOE BetterBuildings Grant to Continue Air Sealing Promotion

Mr. Boyles directed the board to a memo dated May 16<sup>th</sup> from Constance Packard. The finance committee recommends transferring \$800,000 to the residential direct install initiative from the loan servicing line item, and amending the CSG contract by \$800,000 for the direct install program. Mr. Stoddard added that the budgeted amount of money being transferred had been held for the costs of processing loans. The number of loans processed, however, is lower than Efficiency Maine anticipated and fewer funds must be set aside for processing. The program team believes those funds will be more usefully applied to encouraging program participation through the direct install promotion.

**ACTION:** Upon a motion duly made (Mr. Boyles) and seconded (Mr. Hodsdon), the Board voted unanimously to approve the budget amendment and associated program delivery contract amendment.

#### ii. **APPROVE** FY 2014 Budget

Mr. Boyles began the budget briefing by stating that it was based on the Triennial Plan and does not reflect any changes under consideration by the legislature. He added that the program allocations were based on the guidelines determined by the strategic planning committee. Mr. Boyles invited Ms. Packard to present the budget. Ms. Packard briefed the board on income projections (System Benefit Charge, RGGI, Forward Capacity Market, Better Buildings) as well as expense allocations in major program areas (Business Programs, Residential Programs, Cross-Cutting Strategies, Administration, etc.)

Mr. Woodcock asked for clarification on the allocation of RGGI funds to heating or thermal projects. Mr. Stoddard answered that it was a board decision last year to shift RGGI funding entirely to electric demand programs with the caveat that up to 15% of those funds could finance thermal energy saving measures associated with electricity measures. Mr. Woodcock suggested that the board shift the RGGI revenues from the Residential appliance and lighting program to thermal measures in this budget and that the staff prepare a proposal on how those funds could be used in a residential heating program. Mr. Woodcock suggested that the board vote on this shift in allocation, with the staff to return with program design at the next meeting. Ms. Mermin replied that she was not prepared vote on the measure at this meeting because she would like to hear from staff on what impact the move would have on the forward capacity market and any other obligations based on past program funding allocations. Mr. Woodcock added that this is one of the funds identified in statute over which the board has discretion in how it is spent and in the past, up to 15% of RGGI funds have been used for thermal measures.

Ms. Mermin replied that the Board felt that using those funds for the customers of transmission and distribution utilities was consistent with the fiduciary responsibility of the board. Mr. Smith added that the section of the Efficiency Maine statute that addresses the fiduciary responsibility of the board is vague. Ms. Mermin continued that in the past, the board felt that the most prudent way to invest RGGI funds was to generate additional revenue in the forward capacity market and that the penalties for failing to meet forward capacity obligations should be a concern. She cautioned against redirecting funds without a full understanding of the impact of the move. Mr. Stoddard added that should the board choose to shift some RGGI funds to heating programs, the residential direct install and PACE programs are in place to expend those funds.

Mr. Atwell clarified that the proposal on the table was that 15% of the \$9.2 million of forecasted FY14 RGGI revenues would be redirected to weatherization, and added that the Legislature is proposing that 35% of RGGI funds be directed to weatherization and heating upgrades. Mr. Gallagher asked if these funds would include subsidies or incentives. Mr. Stoddard

replied that the legislative intent was not to duplicate the LiHEAP program. Mr. Smith suggested that the staff prepare a briefing for the next board meeting on such a budget reallocation and that the budget be approved as presented.

**ACTION:** Upon a motion duly made (Mr. Atwell) and seconded (Mr. Smith), the Board voted to unanimously approve the FY 2014 budget in the total amount of \$49,169,756 including the budgeted amounts for travel, meals, entertainment and contributions, with the understanding that the staff and finance committee will recommend how 15% of RGGI revenues can be allocated to a residential heating program.

## **b. Program Reports**

### **i. PACE Interim Evaluation**

Dr. Nixon presented the Interim Impact Report for the PACE Loan Program, including the Residential Direct Install Pilot. That report found the mean loan amount was \$12,931 and that the most common measures installed including air sealing, insulation, and HVAC equipment. The annual gross savings for the program was measured at 16,332 MMBTU, or 57.5 MMBTU for each project, which constitutes 28.6% of the total home energy usage. The program met all three traditional cost-effective tests including Total Resource Cost Test (1.61), Program Administrator Cost Test (4.80), and Participant Cost Test (2.27).

### **ii. EECBG Case Study**

Mr. Badeau presented the recently completed EECBG Video Case Studies that will soon be distributed to Maine municipal officials. The case study videos outline efficiency and renewable energy measures installed in 12 communities as part of the federal EECBG grant administered by Efficiency Maine.

## **6.0 New Business**

There was no new business.

## **7.0 Next Meeting Agenda and Scheduling**

**ACTION:** The Board set the date to meet on June 26th at 9:30 a.m.

## **9.0 Adjournment**

**ACTION:** Upon a motion duly made (Mr. Barber) and seconded (Mr. Hodsdon) the Board voted unanimously to adjourn at 12:10 p.m.